DOCUMENT RESUME

ED 269 539 UD 024 895

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TITLE	Job Training under the New Federalism. JTPA in the Industrial Heartland. Report to the Subcommittee on Employment, Committee on Education and Labor, U.S. House of Representatives.
INSTITUTION	Chicago Univ., Ill.
SPONS AGENCY	Joyce Foundation, Chicago, IL.
PUB DATE	86
NOTE	305p.
AVAILABLE FROM	G. Orfield, 5828 S. University, Chicago, IL 60637 ($5.90 including postage).
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Dislocated Workers; Employment Patterns; *Employment Programs; *Federal Programs; Federal State Relationship; *Job Training; On the Job Training; *Program Effectiveness; Public Policy; Unemployment; *Youth Programs
IDENTIFIERS	Comprehensive Employment and Training Act; *Illinois; *Job Training Partnership Act 1982

ABSTRACT

This book-length report, prepared for the Subcommittee on Employment Opportunities of the House Committee on Education and Labor, describes the first comprehensive state-wide assessment of training programs--specifically the Job Training Partnership Act (JTPA)--in Illinois. The introduction assesses the JTPA in Illinois, a State with high unemployment. Chapter 2 reviews research on causes of unemployment and how these relate to training and employment programs. Chapter 3 examines the evolution of Federal job training policy since the early 1970s and analyzes the goals that were the basis of JTPA. Chapter 4 describes the nature of shifts in funding for employment and training programs from the enactment of the Comrepehsnive Employment and Training Act (CETA) in 1975 to the proposed Federal budget for fiscal year 1986. Chapter 5 deals with specific problems of unemployment and reduced job training in Illinois. Chapter 6 discusses the changes occurring between CETA and JTPA. Chapter 7 discusses the role of the States in shaping the JTPA programs. Chapter 8 concerns the absence of data on program impact. Chapter 9 deals with nonenforcement of civil rights. Chapter 10 presents views of JTPA field program operators. Chapters 11 and 12 deal with training and program access. Chapter 13 considers the absence of supportive services. Chapters 14 and 15 consider services to youth and the dislocated worker. In Chapter 16, findings and recommendations are summarized. (CG)

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JOB TRAINING UNDER THE NEW FEDERALISM

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JOB TRAINING UNDER THE NEW FEDERALISM

JTPA IN THE INDUSTRIAL HEARTLAND

REPORT TO
THE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES

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1986

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1986

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Acknowledgments

This report would not have been possible without the generous support of several parts of the University of Chicago and the Joyce Foundation. The project was supported by the Department of Political Science, the College, and the Committee on Public Policy Studies. Marta White and Craig Kennedy of the Joyce Foundation were consistently understanding, helpful, and supportive.

A study of this sort is impossible without the help of many public officials. We express our sincere appreciation to the staff of the U.S. Department of Labor, the Illinois Department of Commerce and Community Affairs, the Illinois State Board of Education, the Illinois Community College Board, the various Service Delivery Areas and Dislocated Workers Centers, the many service providers we interviewed, the Illinois Bureau of the Budget and the U.S. Office of Management and Budget. We are particularly indebted to James A. O'Brien of the Illinois JTPA office who arranged for the provision of thousands of pages of printouts from the state data system that provided the most important material for our analysis. We appreciate the help in Washington from Jobs Watch, the National Governor's Association, the General Accounting Office, Gary Burtless of Brookings Institution and Martin Jensen, National Job Training Partnership, Inc. Many other agencies and experts provided invaluable assistance.

It was a particular honor to prepare this study for the Subcommittee on Employment Opportunities of the House Committee on Education and Labor. We express our appreciation for the opportunity to work with Chairman Matthew Martinez (D-Calif.), staff director, Eric Jensen, and the other members and staff, particularly our own representative, Congressman Charles Hayes (D-Ill.).

Within the University here were many people who played indispensible roles. We express our appreciation to Lorraine Dwelle who was always able to manage complex bills for many people criss-crossing the state. Juan Lopez, David Huber, and Terese Chappell were critically important in the very complex word processing tasks. Kathryn Kraynik's copy editing accounts for a good deal of the report's readability. Francine Atwell's work in translating our typescript into computer generated Times Roman type fonts greatly improved the appearance of the manuscript.

All of the authors wish to express their appreciation for the understanding and patience of family and friends through this very time-consuming project. We dedicate this study to the jobless workers of Illinois in the hope that it will help policy makers find more adequate ways to train them and get them back on the job.

Chapter One

Introduction: An Assessment of the Job Training Partnership Act in a High Unemployment State

The Job Training Partnership Act was the first of the major Reagan New Federalism proposals to be enacted by Congress. The 1982 law represents a major shift in assumptions and policies concerning unemployment, and it provides an important test of the general orientation of the New Federalism program toward social and economic problems. The law reflected a decision to move away from job training programs oriented toward economic opportunity for those most in need toward business-oriented training. Because of its highly decentralized character, the sharp reduction in information collected and analyzed in Washington, and a severe decline in the monitoring capability of the Department of Labor, it has been very difficult to obtain more than superficial, and sometimes highly misleading, measures of the program's success.

This study, carried out by twenty-six researchers at the University of Chicago, is the first comprehensive statewide assessment of the JTPA program. Through data collected from many sources and the use of many research techniques, this study analyzes the program's operation at the level of the state government, at the level of local agencies administering job training programs in Service Delivery Areas and Dislocated Workers Centers, at the level of job training agencies providing services under contract to JTPA, and at the level of individuals entering and passing through the various programs and into jobs or continuing joblessness.

No single state can, of course, represent all the circumstances encountered in the administration of a program across a very diverse nation. Illinois is a center of heavy industry and agribusiness, both of which have declined severely in recent years, and the state's unemployment rate is among the highest in the nation. Chicago and some of the smaller industrial cities in the state have been hit very hard and have been slow in recovering from the extremely severe 1981-82 recession. Thus, the state provides a test of the program's ability to deal with large-scale economic dislocation and joblessness. Within the Chicago area, it is possible to observe program operation in the nation's second largest black community and fourth largest Hispanic community. It is a state where welfare dependency, teenage joblessness, and other special problems targeted by the legislation exist on a vast scale.

The considerable diversity within Illinois permits an assessment of the program in quite different settings. Our study, for example, includes two of the richest suburban areas in the United States; downstate communities which have declined even more rapidly than Chicago; and Champaign-Urbana, a prosperous university community with little industry and considerable insulation from national economic trends. While the local job market has obvious effects on the value of job training programs, this report finds both similarities and differences in the JTPA programs across very different communities.

Illinois has often been praised for its implementation of JTPA. Therefore, the findings of this study cannot be dismissed as the result of choosing a state with a bad program. In fact, the National Alliance of Business, a major supporter of the program, awarded the state a Distinguished Performance Award in September 1985 for what was seen as a particularly effective job of running the JTPA program. Most of the problems described in this report are not the results of failures on the part of particular administrators but the results of flaws in the basic structure of the job training program itself. We believe that the problems and positive findings we report are inherent in the basic organization of resources, incentives and requirements in the JTPA law, and the Department of Labor administrative requirements.

The value of a very detailed study of Illinois for understanding the operation of the JTPA program on a broader scale is apparent from a comparison of problems evident in national studies (including the Labor Department's Job Training Longitudinal Survey [JTLS]) and the overall statistics for Illinois. Problems which our study examines in great detail, such as the decline of dropouts in training programs since the Comprehensive Employment and Training Act (CETA), appear to be national in scope. This study can help policy makers move from very simple and frequently misleading overall statistics to a concrete understanding of the actual working of the program in a variety of local settings.

JTPA: GOALS AND ASSUMPTIONS

The Job Training Partnership Act was the result of a compromise between a conservative administration and congressional liberals and moderates. Like many complex federal laws, it includes contradictory assumptions and directives in different parts. There are, however, certain features that are basic to the law and are clearly reflected throughout all levels of the program as it operates across Illinois. The law, first of all, reflects the assumption that too much money had been spent for employment and training programs and that a much less costly program would suffice. Resources were sharply cut and that has had a dramatic impact on the program. Second, it reflects the assumption that training, in itself, will solve the problems of jobless workers even in severely depressed local labor markets. Elimination of the public service employment program means that nothing but training can be provided (with very few exceptions) and creates serious dilemmas in local areas facing depression-like economic conditions. The lawmakers assumed support services were not needed and have left it up to low-income mothers or welfare agencies facing their own cuts to find child care. This also means jobless men are expected to undertake training without any income for their families. A fourth assumption is that the CETA program did not put enough pressure on training agencies to actually find jobs and that a very strong emphasis on placement rates and cost per placement will cure that problem. In many ways these requirements drive the entire system, with both good and bad consequences. The central political and administrative assumption is that the state governments would do a better job than the federal government in administering the programs, an assumption that produced state control over large urban training programs for the first time and drastically reduced the role of the U.S. Department of Labor.

The assumptions reflected in the legislation were not derived from research and evaluation of the previous two decades of job training programs. They were primarily ideological in character. For instance, research on earlier programs shows that the greatest long-term effects were derived from long and expensive training which emphasized the teaching of basic skills to jobless young workers. Placement rates are not a good measure of program effectiveness, both because there is little relationship between long-term success and short-term employment and because programs with higher placement rates are more likely to serve a select clientele which does not include people needing basic skills who have already been screened out. This means that such programs serve a greater number of people who are more likely to get a job anyway and that fewer people are likely to show a long-run gain from training. There are also studies showing that public service employment had had considerable success in some of its goals, particularly in the late 1970s. Although members of Congress concerned about some of these issues tried to create flexibility under the law, the basic structure of the program ignores the research and reflects a strong free market, a weak federal role, and a business-oriented view of the solution to the problem of joblessness. The results of JTPA thus far provide a clear test of the validity of such assumptions about the roots of the problem and the key solutions.

THE SHRINKAGE OF EMPLOYMENT AND TRAINING PROGRAMS

The greatest change in the operation of the federal programs has been a very large decline in resources and in participation rates during a period of rapidly increasing need. Because of changes in the programs, the distorting effect of very rapid inflation in the late 1970s and early 1980s, and the huge increase in joblessness between 1981 and 1983, assessing the resources and reach of the programs is a complex task. When looked at in terms of constant value dollars (controlled for inflation) and percent of jobless workers touched by the total system during a given year, it becomes clear that the shrinkage of job training has been extremely severe. Between the peak in the early Carter years and 1983, the real dollars available per unemployed person declined 80%. Each year since 1983 the resources have continued to decline. During the 1986 fiscal year, the job training system is faced with large cuts in summer youth and dislocated worker programs and smaller cuts in most other operations. The budget that President Reagan has proposed for the 1987 fiscal year would go much further, drastically decreasing support for the youth and dislocated workers' program and sharply reducing the Job Corps. The data on participation rates in employment and training programs in Illinois shows that the federal programs were able to reach about 30% of the state's unemployed at their peak but that under JTPA such programs could serve only about one in ten last year. The fraction was lower in some areas. Whatever decisions the people within the JTPA system make, there is much less money to train many more people.

STATE POLICY AND JTPA

The program in Illinois is directed by top officials in the Department of Commerce and Community Affairs who are very strongly committed to the goals and assumptions of the JTPA legislation. Compared to other states, the program got off to a fast start in Illinois. It has been run to date without any significant hint of state-level scandal. State officials proudly point to the success of the program.

Under the new law, the state officials have substantial discretion in the operation of the program, and they have received very little guidance from the U.S. Department of Labor. The state's decisions and priorities include:

1. Emphasis on economic development
2. Close monitoring only of program enrollment, placement rates, and costs
3. Noncompliance with federal civil rights laws during the first two years
4. Fragmentation of Chicago's major suburban areas, separating unemployed workers from leading economic growth areas
5. Failure to develop a workable dislocated workers program for Chicago
6. Diminished emphasis on the relationship between public schools and job training and increased emphasis on community colleges
7. Autonomy for local agencies in deciding what training to offer
8. Creating better coordination between the job training and welfare systems

The Illinois program is administered by the state's Economic Development Department in an administration where development is a central goal. This has tended to produce an emphasis on meeting national performance standards and using discretionary JTPA funds for local economic development activities and for working out deals with potential businesses. Considerably less emphasis has been placed on reaching the hard-to-serve unemployed with serious training needs than was the case under CETA. The current job training system cannot and will not deal with problems of training and finding jobs for the very large number of high school dropouts, particularly in Chicago.

Illinois state administrators require far more paperwork than their federal predecessors, in part because the federal officials tell them that they will be held responsible for everything after the fact but refuse to provide any specific set of standards. The state officials protect themselves by collecting vast amounts of information on everyone coming into the training system. In spite of spending millions of dollars on computer systems, however, they have been unable to develop a process that permits them to evaluate the effects of the job training programs. There is more red tape but little usable information on whether the program is working.

Though the local administrative structure of JTPA has grown directly out of the CETA structure, Governor Thompson has approved one major change. The already highly fragmented Chicago labor market area has been further divided by splitting the Cook County suburbs into two separate agencies. This decision, taken against the advice of many experts, has the consequence of isolating the suburban areas with high unemployment, particularly in parts of the South and West suburbs, from the highly prosperous job markets of Northern Cook County. Job training agencies in Northern

Cook County report difficulty in finding enough poor people to fill their training slots while those in the southern region are often oversubscribed.

Like most other states, Illinois was very slow to develop a policy for enforcing federal civil rights laws in the job training programs. The program has operated administratively as if those laws had been repealed. Although the Labor Department notified the state about this problem in November 1984, no enforcement action was taken. Only in a September 1985 Chicago hearing of this subcommittee did the state program announce its intent to comply with the law. It came into compliance, on paper, in January 1986.

The state has direct administrative control of the dislocated worker program. It has chosen to allocate funds disproportionately to suburban and downstate communities and to rely almost exclusively on community colleges to administer the program outside Chicago. The program serves primarily well-educated white males with a strong labor market experience. There have been major difficulties in making the program function at all in Chicago despite the need created by the large-scale shutdown of industrial employment. Most of those served in the city have had only a brief job counseling and "vita preparation" course. The state government intensively monitored the Chicago program and imposed new controls in October 1985.

Officials at all levels in the Illinois JTPA system concede that "creaming" (serving the most eligible job candidates with the fewest training needs) is a serious problem in the program. A number of them assert that it is virtually required by the placement standards and the inadequate resources for long-term training. Many emphasize that the program is not an education program but one designed to produce many low-cost placements. They suggest that someone else, perhaps the schools or the community colleges, should take on those other functions. Many service providers have screening requirements for training programs that go beyond the eligibility requirements for JTPA, such as requiring an educational test or testing for a particular skill such as typing. The large majority of people who enroll in JTPA are high school graduates, even in areas where most jobless people are dropouts. Agencies required to produce a specified placement rate to keep their training contracts attempt to minimize their risks by excluding people without skills and job experience. There is extremely little training for those who do not speak English.

By surveying agencies which operate job training programs in three very different parts of the state, we found that the agency officials supported some of the new emphases of the JTPA program but were also very troubled by the program's implications for people with severe training needs. The survey reported in chapter 10 shows that most supported the increased emphasis on job placement and the effort toward greater private sector involvement. At the same time, they felt less able to cope with a very large need for basic skills training. They believed that placement requirements did focus more of their energy on finding jobs but also that they encouraged lower quality placements. They believed that many clients needed support services that were not available. They were willing to work with those who could make it within the JTPA system, but they also knew that it meant they could do little for many others.

Only a small fraction of the JTPA effort is devoted to basic skills. A number of the local Service Delivery Areas (SDAs) do not even spend the small amount that is allocated under the program for support services, partly because of the pressure for obtaining low cost per placement statistics. Chicago, for example, had no day care provisions during the first two years. Many local agencies pursue placement and cost standards so intensely that they provide even less long-term training and support services than JTPA allows. Since that will be built into the future cost allowances, the program may be in a vicious cycle of constantly diminishing resources per trainee.

Many people who initially inquire about training never enroll. JTPA officials collect no statewide data on this issue, but local data, studies, and interviews (see chapter 11) show a very substantial loss of as many as half the potential clients. Training officials believe this problem is related to causes including the lack of support services, creaming by service providers, and the massive paperwork and documentation problems of getting into the system.

Once in the system, chapter 12 demonstrates that men and women tend to receive different kinds of training. Women are far more likely, for example, to receive vocational training, particularly for clerical jobs. Men are twice as likely to receive the most desirable placement in on-the-job training programs which produce immediate income and are most likely to lead to work after training is over.

The small number of job training slots available under JTPA programs means that it was possible for SDAs and service providers to engage in considerable screening, particularly for educational level, and still fill their programs. None of the localities were serving more than a sixth of the state's estimate of the eligible population and some as little as 2% (chapter 11). Interviews with training agencies indicated that many had filled their training slots for the year by early spring. Half of the service providers in Chicago and more than a third in the other two SDAs surveyed had waiting lists for their training programs.

The JTPA legislation provides goals for service to specified segments of the population. The Illinois programs had difficulty meeting a number of these goals during either the transition year (Oct. 1983-June 1984) or the first program year (July 1984-June 1985)—including youth, women, welfare recipients registered in the Work Incentive Program (WIN), high school dropouts, and Hispanics. Alkthough state goals for black participation were reached, black participation is significantly lower than the average rate under CETA.

The system selects more highly-educated people from the various eligible groups. High school graduates are overrepresented compared to their proportion of the eligible population, while dropouts are seriously underrepresented. Even as the JTPA system was serving a better prepared sector of the unemployed population, the services it was providing were shifting toward short-term approaches suitable for clients with little need of substantial training such as job placement or on-the-job training (OJT).

The channeling process that filters people through the system continues at the end of training. Among those who enroll in programs, welfare recipients, blacks, and women are less likely than others to find a job after training. Women receiving AFDC payments, often minority single parents, made up a fourth of the enrollees in the state but only 19% of those getting jobs. High school dropouts are also less likely to be employed after training (chapter 12).

A substantial number of the placements that are made, particularly for those with few skills, are at very low wage rates in settings where little training is needed. During the transition year, for example, one-fourth of the Chicago jobs were at minimum wage—not enough to keep a small family above the poverty level even if full-time work is available—and the largest single employer was McDonald's. Such placements often do not last.

The JTPA system defines job placement as success. It collects no useful information at the city or state level on the duration of the placements. Even short-term two or three-month followups by some service providers, however, show substantial attrition, calling into question the success claimed by program administrators. In view of research findings which indicate that the long-term effects of training are most substantial when people lacking basic skills are given new skills at the time of their initial entry into the workforce (see chapter 12), it is very important to obtain clear followup data on program effects. Without it, it is impossible to know whether or not the high placement rates and low costs reported by JTPA represent a real success or merely an elaborate set of institutional adaptations that produce temporary placements for a group of people needing less training. The problems caused by high placement requirements and low cost per placement figures will become much worse next year. The Labor Department has announced a large increase in placement requirements and a sharp decrease in funds per trainee.

The program, as it operates in Illinois, has special difficulties in dealing with youth. Although there are large numbers of jobless and poorly educated youth who have little economic future in the state, they are often harder to recruit and train and harder to place than their adult counterparts (chapter 12). Many of the local SDAs fell short of their placement goals the first year and would like to lower the requirements for aiding youth. Although the JTPA policies permit defining success in sending a young person back to school as a positive termination, the emphasis on short-term training and placement was quite strong, even for youth lacking basic skills and having little or no choice of ever obtaining and keeping a decent job without them.

Illinois has seen little of the creative efforts to merge education and training which have been explored elsewhere. The lack is particularly evident in Chicago. Yet the evidence in Illinois shows grim lifelong economic prospects for young people without high school degrees, a problem that affects almost half of the high school age students in Chicago. During the second year of the program, there was an increase in youth programs, particularly late in the year. Apparently the congressional requirement for 40% expenditure on youth programs has begun to have its intended effect and is pushing some local agencies toward long-term training. There is, however, still extreme variation throughout the state in the kinds of services being provided for young people. Limited services for dropouts and continued placement of some teens lacking basic skills in superficial job search programs are likely to produce very temporary jobs and add nothing to the youths' meager qualifications.

RECOMMENDATIONS

The study will conclude with detailed recommendations for addressing a number of important administrative and policy problems within the framework of the existing law and for proposals for congressional modifications to the program. The recommendations deal with issues ranging from budgets to administrative compliance activities to recreation of a major public service employment program.

The resources now available for employment and training programs are inadequate for dealing with the major transformation of the American economy that is now under way. This transformation has produced critical conditions in many areas which have threatened the jobs and job prospects of millions of Americans. The problem has been compounded by a severe curtailment of unemployment insurance coverage and a variety of other programs that affect the prospects of preparing for and successfully finding work. In some areas, the sheer lack of jobs is so serious and so deeply rooted that public service jobs will be necessary to help reduce extremely high and persistent unemployment levels. We agree with the argument of many local JTPA officials that a tightly controlled PSE program is an essential element of employment and training policy in high unemployment communities.

The overwhelming emphasis on placement rates and low cost training in the JTPA system should be modified. Administrative standards should be developed to reward rather than punish those who train the hard-to-serve and those who provide basic skills for a lifetime rather than a temporary job for a young adult with a fifth grade education in a hamburger shop. This should not be done, however, in such a way that agencies are no longer pressured to make serious efforts at job development and placement. Youth training and employment programs should be operated in close cooperation with the schools and local businesses and should have school completion as well as job experience as closely related goals.

We recommend federal reassertion of responsibility for enforcing basic national policy, including equal opportunity laws. When there is a vacuum at the national level in a federally-funded program, there is uncertainty and confusion throughout the system. It is little more than wishful thinking to assume that state and local officials will spontaneously take on difficult issues of civil rights enforcement if the responsible federal officials are manifestly unconcerned. When national standards are not enforced, there are no national standards. Substantive leadership in other areas is needed as well.

Congress needs to review the results of the Dislocated Workers Program and to consider its relationship to the rest of the JTPA program. Perhaps a redefinition of its responsibilities and priorities could be linked with changes in unemployment insurance policies to strongly encourage training during the period benefits are available and to extend them when needed to provide support for essential basic skills training.

Our study shows that serious structural problems in the Illinois economy have produced very high levels of unemployment that interact with educational problems, problems of isolation of the poor from jobs, problems of discrimination, and other forces in ways that produce difficult challenges for any jobs program. Denying the existence of these problems and drastically curtailing resources as problems increase will not make them go away. Insisting that training programs do more with far fewer resources will tend to exclude those most in need of training from the training programs. We must rededicate ourselves to training and jobs for the persistently poor, the severely uneducated, the long-term unemployed, and the victims of sex and race discrimination if we are to avoid still deeper social cleavages and family instability in a society already afflicted with growing division and inequality. Job training and employment programs are only part of the answer, but it is difficult to imagine a successful movement toward greater economic and social opportunity that does not include job programs with greater capacity and different priorities than those now in operation.

Chapter Two

How Job Training Programs Work: Lessons from Research

The Job Training Partnership Act reflected sweeping changes in the way the problem of joblessness was depicted in federal policy and in the kinds of interventions seen as sufficient to remedy the problem. This study describes and analyzes these policy changes, but it is, however, part of a long tradition of research and draws on two decades of analysis of other federal job training programs both in formulating some of its central questions and in analyzing the significance of the data generated now. Since research, evaluation, and collection of basic data have all been drastically curtailed under JTPA, it is particularly important to use the knowledge gained from earlier research to interpret the sparse and sometimes misleading information produced by the new system. Although it is, of course, true that current economic and social conditions may have altered some of the relationships that existed earlier, consistent findings across programs and earlier time periods create a strong presumption that such relationships continue to exist unless there is evidence to the contrary.

The research does support strong presumptions. It raises very serious questions about both the assumptions of Congress in enacting the new law and the meaning of the statistics commonly used to argue the success of the new programs—statistics on high initial job placement levels and low training costs per enrollee ultimately receiving a job. Because these questions are so basic, the research deserves careful attention.

This chapter will consider the general theories of causes of unemployment and how they relate to training and employment programs. It will summarize the best available evidence on the central research and policy questions.

There have been hundreds of studies and evaluations of job programs. Before JTPA, the programs had major research and evaluation components and supported a great many experiments attempting to cure joblessness for various groups. As is true in all areas of social policy, however, many of the studies had serious limitations and some were plainly self-serving. There are very few truly experimental studies which control all relevant background differences, randomly assign certain members of a group to training, and systematically compare what happens to them with a similar group not receiving training (the control group). Studies vary widely in the degree to which they have any adequate control group and whether they follow people long enough to sort out short-term placement from lasting changes in employment and income. This report will concentrate on major studies. Although each may be criticized, there is sufficient consistency in the findings of various investigators operating independently and in different periods to provide an important understanding of how job training works.

APPROACHES TO JOB TRAINING

Governmental public policy addressing unemployment fluctuates between two perspectives. One perspective construes unemployment as primarily structural, and to some degree, frictional in character. Training programs such as classroom training and work experience are developed to impart work skills to the unemployed; newly acquired skills, if demanded by the labor market, will enable the unemployed to locate jobs. A second perspective argues that unemployment is not structural but demand-deficient, particularly for certain demographic groups or geographic areas. Job creation, largely through public service employment, rather than just training programs, is also advocated.

The two most recent employment and training programs, the Job Training Partnership Act (JTPA) and the Comprehensive Employment and Training Act (CETA), reflect these two perspectives of unemployment and ameliorative programs. CETA included a large job creation component; the JTPA turns away from job creation toward training, conceptualizing unemployment as more structural than demand-deficient. Beyond its emphasis on training rather than job creation, JTPA's administrative structure and program emphasis are based on certain assumptions about how employment and training programs are most effectively delivered, what clients are most appropriately served, and what programs and services are most beneficial. JTPA posits the involvement of the private sector as crucial. Secondly, it reflects the assumption that administration of programs by state governments is more efficient than administration at the federal or local levels. While JTPA's focus is on training, it generally emphasizes short-term training, employability services, and retraining for displaced workers; the educational component and long-term training of CETA have been cut. There is an underlying assumption that the costs per enrollee for the services can be reduced, yet the amount of training increased by cutting ancillary services, stipends, and administrative costs. Support services such as day care and transportation are viewed as unnecessary and have been greatly reduced in JTPA.

The impact of any employment or training program is linked critically to the labor market structure and current labor demand. Therefore, this review will begin with a discussion of certain macroeconomic labor issues and will provide the framework by which the effectiveness of training and/or employment programs is assessed. A review of the literature follows which assesses the validity of underlying JTPA assumptions. The review also questions whether programs or services not presently incorporated in JTPA were effective. This discussion is therefore organized so as to explore what the research indicates with regard to JTPA effectiveness relative to prior employment and training effectiveness. The types of programs and their impact on target groups will be discussed, and the effect on enrollee performance from traditional versus private sector administration and work site provision will be assessed. The possible effects of reducing ancillary services will be explored. Finally, conclusions and recommendations will be detailed.

Table 2.1

Composition of the Unemployed Population

Year	Unemployment Rate	% Unemployed who are:			
		Job Losers	Job Leavers	Reentrants	New Entrants
1971	5.9	46.3	11.8	29.4	12.6
1973	4.9	38.7	15.7	30.7	14.9
1975	8.5	55.4	10.4	23.8	10.4
1977	7.0	45.2	13.0	28.1	13.7

Source: United States Department of Labor, *1978 Employment and Training Report to the President* [Washington, D.C.: United States Government Printing Office, 1978]. In Ehrenberg and Smith 1982.

LABOR MARKET ISSUES

Employment and training programs have been based primarily on a traditional human capital approach to the labor market [Ehrenberg and Smith 1982]. Workers invest in (1) education and training, (2) migration, and (3) job search. Such investments in human capital provide a worker with a set of skills which can be "rented" to an employer. The value of each worker's human capital is dependent on how much those skills are worth in the labor market. Education and training increase skills, while job search and migration increase the value of an individual's human capital by increasing the wage received for a certain set of skills [Ehrenberg and Smith 1982]. The theory of human capital has been linked with the unemployment problems faced by individuals or demographic groups to form the basis for employment and training programs.

When discussing the problem of unemployment in the labor market, it is important to consider both the flows between labor market states (i.e., out-of-the-labor force, umemployed, employed) and the number of people in a given state at a given time. The unemployed are frequently perceived as those individuals who have been laid off from their jobs. However, the unemployed also include job leavers, new entrants, and reentrants to the labor force. Table 2.1 illustrates the somewhat stable composition of the unemployed population.

Further, a substantial number of job losers are on temporary layoff and return to their previous employer. Ehrenberg and Smith [1982] suggest that to understand the given level of unemployment, one must analyze the flows of individuals between labor market states. They point out that:

> A group's unemployment rate might be high because its members have difficulty finding jobs once unemployed, because they have difficulty (for voluntary or involuntary reasons) remaining employed once a job is found, or because they frequently enter and exit the labor force. The appropriate policy prescription to reduce the unemployment rate will depend upon which of these labor market flows is responsible for the high rate.
>
> [1982: 427].

Theories of unemployment are related to the labor market flows and are designed to account for differences in the proportions of individuals in a given state by time, geographic area, or demographic group. Policies addressing unemployment need to address both the incidence and duration of unemployment. Evidence indicates that most unemployed experience joblessness very briefly; however, much unemployment may be attributed to a small group who experience unemployment for a relatively long period of time [Ehrenberg and Smith 1982].

Economists delineate four types of unemployment: frictional, structural, cyclical or demand-deficient, and seasonal. In a dynamic labor market where people are frequently between jobs, frictional unemployment occurs. Programs (such as employment services) which address institutional barriers may help alleviate such frictional unemployment. Structural unemployment results from a change in labor demand or in worker skills sought by the employer. The classroom training, on-the-job-training (OJT), and work experience components of employment and training programs address structural unemployment. Training develops new skills which enable unemployed persons to match employer demands.

Cyclical or demand-deficient unemployment results from reduced aggregate demand for labor. Firms frequently lay off workers and do not replace those who either quit or retire. The public service employment (PSE) component of employment and training addresses cyclical unemployment. Temporary tax credits might similarly reduce demand-deficient unemployment. Other macroeconomic policies strive to increase aggregate demand by increasing the level of government spending, reducing taxes, and increasing the rate of growth of the money supply. Finally, seasonal unemployment, like cyclical unemployment, results from a decreased demand for labor but follows a systematic pattern over the course of a year.

Employment and training programs have tended to focus on different types of unemployment in different periods. At times, unemployment has been perceived as primarily structural, and to some degree frictional; education and training programs designed to provide workers with skills demanded by the labor market have been the primary thrust. At other times, unemployment has been characterized as demand-deficient. Job creation, largely through public service employment, becomes the focus. Employment and training programs have further attempted to target demographic groups with the worst unemployment problems.

Employment and training programs have been primarily based on a traditional human capital approach to the labor market. Individuals make investments of three forms: (1) education and training; (2) job search; and (3) migration. These investments increase the value of a person's human capital; education and training do so by increasing worker skills, while job search and migration increase the value of a given set of skills in the labor market. Such enhanced capital increases a worker's productivity, which then is presumably rewarded by higher employment and wages [Ehrenberg and Smith 1982].

While an individual's stock of human capital can be enhanced by any of the three forms of investment, most employment and training programs have focused on education and training. Assistance in either job search or in migration, through activities such as assistance in relocation, has usually been minimal. Further, evaluations of effectiveness have focused on education and training activities. Little is known of the effectiveness of job search and migration assistance as methods to ameliorate unemployment problems.

Have employment and training programs been effective in addressing the unemployment difficulties of various demographic groups? Most evaluations of employment and training programs have focused on their effectiveness in enhancing worker skills. There is substantial evidence that classroom training, OJT and work experience have the strongest impact in terms of increased employment and increased wage rates on those persons with no previous work experience or limited recent work experience. Women, who tend to have little, or no, previous work experience, experience both positive employment and wage rate effects. Men, frequently possessing more stable employment histories, have had only employment gains and experience those less consistently than women. Evidence for minority differences is less clear [Congressional Budget Office 1982]; to the extent minority workers possess little previous work history, they show higher gains when compared to non-minority workers with recent or more stable work histories.

Perry et al. [1975] suggests that the basic contribution of training programs has been to provide a person with skills and attributes to facilitate entry or re-entry into the labor force, rather than to facilitate job mobility or to serve as a mechanism to alter the present market structure. Gains are seen most frequently for those persons who are able to move into jobs impossible to get without training. It has been primarily classroom training which has moved women into clerical fields, and OJT which has moved Black males into skilled jobs.

Women may gain more from training than men because they are being trained in fields characterized by high growth and/or high turnover. A study of female job training in the Manpower Development Training Act (MDTA) revealed that 70% of all female enrollees were trained in either clerical or health occupations. Both occupational fields saw high growth. Therefore, female trainees faced good employment opportunities but at the expense of being channeled into narrow occupational limits [Perry et al. 1975]. Perry et al. argues that female training in fields with high short and long run demand appeared to contribute significantly to "... the level, structure and durability of their earnings gains" [Perry et al. 1975: 251]. Kiefer's [1979] analysis suggests that training effects on wages may vary by occupation, with the effect much stronger for high growth skills.

Employment and training programs premised on structural and frictional unemployment look to conditions of labor supply as the point at which to manage unemployment. Lloyd, however, points out that this may not be enough:

> These programs may be an important factor in raising the economic status of minorities and women if their disadvantaged position is largely the result of supply conditions such as skill acquisition and labor force commitment. However, an adequate demand for labor must be present, both in the sense of sufficient aggregate demand on the macrolevel and an absence of discriminatory barriers on the microlevel.
>
> [Lloyd 1979: 270]

When employment and training programs have been structured on the premise of demand-deficient unemployment, job creation, primarily through public service employment (PSE), becomes a major component of these efforts. PSE has complex goals which frequently have not been well examined in the limited evaluations of its effectiveness in managing demand-deficient unemployment. As will be discussed, public service employment appears to have been effective in providing temporary employment. Whether PSE served more disadvantaged workers or provided training is less clear.

As discussed by Lloyd [1979], issues related to labor demand include the sufficiency of aggregate demand at the macrolevel and the absence of labor market discrimination at the microlevel. Job creation addresses issues of aggregate demand but has not been a means to address insufficient demand resulting from discrimination at the microlevel.

Labor market discrimination can result in both wage and unemployment differentials between demographic groups. Lloyd [1979] notes that most discussions of discrimination have focused on wage differentials to the exclusion of unemployment differentials.

Dual labor market theorists question the assumption of a competitive labor market, suggesting instead that there are separate and unequal labor markets. Worker characteristics such as race or sex are used to divide the labor force into non-competing labor forces, creating a dual labor market. A secondary market, characterized by low-wage, non-mobile, unstable jobs, exists alongside the primary market. Women and minorities are primarily relegated to this secondary market and are largely unable to break into the primary labor market. Fair employment and affirmative action have been critical policies in this area.

If a secondary market does exist, the apparent success of employment and training programs for women, and to some extent minorities, is primarily a limited success. Limited success may be attributed to training being received in secondary labor market jobs, characterized by high growth and demand (e.g., clerical, service, and health occupations). Access tends to be limited to relatively low wage jobs.

The analysis of unemployment difficulties faced by various demographic groups has focused on either the effects of labor supply conditions or the sufficiency of labor demand. Unemployment has therefore been managed primarily by worker skill enhancement or job creation. Further, most evaluations of programs have emphasized the effects of worker skill enhancement, with relatively less attention given to the effects derived from job creation. A third framework through which to analyze differential labor market experiences (e.g., wage and unemployment differentials) of various groups is outlined by Roos and Reskin [1984]. They suggest using internal labor market theory as a theoretical framework. Roos and Reskin delineate four points at which workplace mechanisms act as barriers to employment prospects of various groups, arguing that certain internal or organizational processes and workplace mechanisms structure the recruitment, assignment and retention of employees in particular jobs. Therefore, one must focus on the formal and informal processes which constrain the "free operation" of the labor market within a firm.

Using a single theoretical framework (e.g., conditions of labor supply, characteristics of labor demand, or structures of labor market institutions) is of limited utility in analyzing the incidence and duration of unemployment faced by various demographic groups, developing programs to address such unemployment differentials, and evaluating such programs. Each reflects certain insights into the labor market participation and experiences of individuals but is incomplete. For example, the type of training provided by an employment and training program may reduce differences in the labor supply characteristics of women and minorities. Yet, there remains evidence of differential wage structures and unemployment rates despite the acquisition of comparable human capital [Corcoran and Duncan 1979; Malkiel and Malkiel 1973].

A perception of the nature of labor supply and demand factors and labor market institutional structures as interactive is essential in understanding the dynamic nature of unemployment incidence and duration. For example, job search has been listed as a form of human capital investment, thus making it a characteristic of labor supply.

However, there may be an "institutional" component to job search, in that search may vary among demographic groups, with more rewarding search strategies largely inaccessible to certain residentially segregated groups. It is important to understand the impact of job search on the employment opportunities available to various segments of the labor market.

An employment and training policy must be cognizant of both the separate and the interactive impacts of supply, demand, and institutional structures on unemployment. Such an analysis allows one to assess the effects of a given strategy, such as skill enhancement, determine the limits of that strategy, and consider how it may be enhanced as a component of a more comprehensive interactive employment and training program. For example, persons with continuous yet unstable work histories may not appear to gain from skill training. However, if one reason one fails to see gains such as in wage rates is because persons face institutional barriers to access of jobs where newly acquired skills could be used, methods to break institutional barriers must be incorporated. Focusing solely on the effects of skill enhancement or on removal of institutional barriers may suggest each is ineffective, yet the interactive effect may be substantial.

PRIVATE SECTOR INVOLVEMENT

The preference given to private sector involvement in training programs, both as a work site through on-the-job-training (OJT), and as an administrative and decision-making entity, is a recurring theme in job training policy. The private sector is perceived as more efficient and effective than governmental service provision. Private sector involvement is thought to help develop skills and work habits and to increase the type of work information and contacts which can lead to subsequent private employment. As approximately 80% of all job opportunities are in the private sector, private sector provision of programs is construed to lead to "real jobs" [Hahn and Lerman 1983].

The government's first concerted effort to involve the private sector was through the National Alliance of Business-Job Opportunities in the Business Sector Program (JOBS) in 1968. Businesses participating in JOBS tended to be large firms who could absorb less qualified workers in their work force; they were reimbursed only for "extraordinary costs" [Hahn and Lerman 1983]. The 1970-71 recession hit those industries hard, leading to JOBS' decline. Other small scale private sector involvement was found in the Training and Technology Project (TAT), Job Corps, Vocational Exploration Program (VET), Operation Young Adults, Experience-Based Career Education, Career Intern Program, and Jobs for Youth (JFY).

Private business participation as work sponsors in the Youth Entitlement Project represented the first large scale test of local government and private business (prime/private) cooperation. It was joined by CETA Title VII in 1978, which functioned as a precursor to the type of administrative and decision-making involvement of the private sector structured by JTPA. Although belief in the importance of private sector involvement is persistent, there have been few efforts to evaluate private sector involvement in job training either as a means of work placement (OJT) or as an administrative body. Evaluations of the two preceeding CETA efforts were made and will be reviewed here. As noted, OJT is a training component which utilizes the private sector for the provision of work sites. Due to its close ties to the private sector, OJT effectiveness as a training element will also be reviewed.

In the Youth Entitlement Project, private businesses were approached to serve as work sponsors [Bell et al. 1981]. Wages were fully subsidized by the prime sponsor, and administration of the program, including all payroll and accounting, was also covered by the prime sponsor. When offered a 100% wage subsidy, 18% of the businesses approached would serve as sponsors, while a 75% subsidy engendered a 10% response and a 50% subsidy engendered only a 5% positive response.

Over 75% of those who agreed to be work sponsors were retail or service businesses; most were small businesses with over two-thirds employing ten or fewer workers. Manufacturers and large firms were found to be more difficult to recruit because of union and clearance problems, the difficulty of scheduling part-time work, and the frequently dangerous or inappropriate nature of the work for youth workers. Firms were more likely to participate if they were three years or younger, had prior experience with youth workers, and/or had recently expanded their labor force. Firms most frequently declined if they had no work to offer or if they perceived their work as inappropriate for youth; few declining firms cited governmental red tape or administrative problems as reasons to not serve as work sponsors. A low-cost wage and the opportunity to help unemployed youth were the two main reasons given for participation, with more work sponsors citing the opportunity to help youth as the reason. Businesses tended to continue sponsorship if they were satisfied with their present or prior youth trainees. Only one-fifth of the work sponsors, however, hired the entitlement youth after the wage subsidy ceased.

When evaluating the effectiveness of private sector involvement in relation to public or nonprofit work site training, a few issues can be addressed. First, did the quality of the private sector site differ from public or nonprofit sites? Quality of private and public sites were evaluated with regard to work content, work organization, degree of supervision, and similar elements. Although private sector sites were somewhat more frequently rated as outstanding and somewhat less frequently as average, there were no statistically significant differences between private, public, and nonprofit sites. Youth assigned to private sector sites tended to value their work experience more than youth at public and nonprofit sites.

Whenever subsidies are a program component, displacement becomes an issue. With the entitlement project, work sponsors were directed to both recruit meaningful or "real" work sites yet ensure that there was a net creation of new jobs. Ball [1981] suggests that implementation of both directives creates conflicting goals: "If jobs created are meaningful and not superfluous to an employer's needs, then might the employer not hire someone without a subsidy to perform them? Is it the case that the higher the quality of the job (and therefore the less likely that it is make-work), the greater the likelihood that the employer will displace someone else by accepting a subsidized youth?" [Ball 1981: 74]. Such appeared to be the case with the Entitlement project, in that as quality of work sites increased, displacement increased.

No assessment of the impact of private versus public and nonprofit work experience on the subsequent work histories of entitlement youth was made, nor were the sites compared in terms of youth outcomes (e.g., job placement, continued schooling, etc.).

Generally, evaluation of private sector involvement in the Youth Entitlement Project revealed that youth tended to value the work in the private sector more, and 20% of those who worked with a private firm were subsequently hired by the firm. There is some evidence that private sector involvement is effective where there is access to "sheltered" areas of the labor market, such as union apprenticeships [Taggart 1976: 121] or jobs with potential in the corporate world [Hahn and Lerman 1983]. However, there were no significant differences in the ratings of quality (e.g., outstanding, average, etc.) between sites, and displacement appeared to increase as the work site quality in the private firm increased. Administratively, private sector involvement required more staff support and resources than public and nonprofit sites in that recruitment and accounting activities were conducted by the prime sponsor.

Evaluation of the CETA youth discretionary nonresidential training provides limited information regarding OJT effectiveness for youth. Discretionary programs increased participant earnings in comparison to controls, but the primary share of earnings gains went to OJT participants. Earnings for participants were higher than controls and were greater than the Job Corps' effect after one year. Results should be viewed cautiously, in that OJT earnings were based on an assumption of persistant quarterly earnings gains, an assumption which may not be warranted. Further, the Job Corps shows a long-term (four-year) impact on earnings while the limited evidence available suggests that earnings gains from nonresidential programs may erode more quickly. Beyond interpreting the data cautiously, Hahn and Lerman are careful to point out that, even if OJT is as effective as Job Corps or more so, OJT is difficult to expand. It is particularly difficult to recruit private sector employers to serve as training sites, suggesting that it may not be possible to shift the numbers served through Job Corps into sufficient OJT slots. Second, OJT programs are generally filled by more advantaged youth; their relative earnings advantage as more job-ready youth may overstate the effectiveness of OJT to train participants.

The degree of displacement may be less an issue than the question of redistribution of jobs. If wage subsidies induce employers to hire disadvantaged youth who would not have otherwise been hired, then it may still be an effective strategy, given that redistribution toward disadvantaged workers is an objective. It is unclear from this evaluation whether, and in what magnitude, such redistribution occured. No assessment of the impact of private, relative to public and nonprofit work experience on the subsequent work histories of entitlement youth was made.

A comparison of CETA Title IIB and Title VII was commissioned by the General Accounting Office [1983] to evaluate the effectiveness of private sector involvement in CETA administration and service delivery compared with that of the more traditional CETA structure. Private Industry Council (PIC) representatives accounted for 60% of business involvement, but turnover of participants was high, with a 50% turnover of membership in a two to three-year period. Primary functions of PIC representatives included marketing the CETA program to the business community and assessing the training needs of the community. In addition, one-fifth of the business participants served as CETA training subcontractors.

Title VII produced higher entered employment rates (EERs) than Title IIB. The Title VII participants, however, were placed in traditionally more successful training modes. Second, when "disadvantaged" is defined by participants' age and education, Title VII served a less disadvantaged clientele than Title IIB. Both factors may contribute to the higher EER for Title VII. While more Title VII participants found unsubsidized employment, more Title IIB participants experienced "additional positive" outcomes (e.g., entering or continuing schooling, enrolling in another, non-CETA training program, etc.). When positive outcomes were considered overall, the proportional difference of positive outcomes between the two titles was minimal. Further, as will be indicated in the discussion of short- and long-term program impacts, the EER gives no indication as to the quality of the placement with respect to job stability, wage rate, or occupational mobility. Limited evidence indicates that there is little relationship between short-term and long-term indicators of program effectiveness.

Evaluations of OJT as a training component of various job training acts provide additional information as to its effectiveness for unemployed adults. As discussed previously, OJT focuses on the transmission of skills within a private sector work setting. When evaluating OJT, some have viewed the hiring and retention by a private employer as the primary goal with training being secondary. Others have focused on the acquisition of skills through the work experience, with retention as a secondary goal. Reviewing research findings can provide information regarding OJT impact on various adult target groups.

Women evidence consistent gains across OJT programs. The Congressional Budget Office [1982], utilizing data from the Continuous Longitudinal Manpower Survey (CLMS), reported statistically significant gains in earnings from OJT. Similarly, Cooley et al. [1979], Goodfellow [1979], Kiefer [1979] and Westat, Inc. [1981] reported significant earnings gains for women in OJT. Two studies found that women gained more from OJT than from other training programs in terms of work experience and classroom training. For example, Kiefer [1979] evaluated the employment effects from the classroom training and JOBS (OJT) components of the Manpower Development and Training Act (MDTA). The largest increases in earnings, employment, and labor force participation were found for white female participants in JOBS; a large portion of those women remained in the labor force and were employed after their job subsidies ceased. Westat, Inc. [1981] reported greater earnings increases for women in OJT than either classroom training or work experience provided. However, participants in OJT consistently earned more than trainees in other programs prior to their CETA experience, and the analysis may have undercompensated for this fact [Congressional Budget Office 1982]. Although Goodfellow [1979] did not compare the effects of OJT relative to the other training experiences, he did report that female JOBS trainees had higher pretraining earnings and wages than did members of the control group.

All evaluations indicate an increase in earnings for female OJT trainees [Congressional Budget Office 1982; Cooley et al. 1979; Goodfellow 1979; Perry et al. 1975; Kiefer 1979; and Westat, Inc. 1981]. The Congressional Budget Office [1982] analysis of CETA's OJT component indicated both an employment and wage rate effect while Cooley et al. [1979] similarly suggested that the wage rate for female participants in the JOBS portion of the Manpower Development and Training Act increased as a result of improved skills.

Positive effects for male trainees in OJT were less consistently reported. Cooley et al. [1979] reported increased earnings for male trainees, but only the increase in the number of hours worked was statistically significant for male trainees in Goodfellow's [1979] evaluation of JOBS. Kiefer [1979] reported an earnings gains for black but not for white male participants in JOBS.

Bendick [1982] suggests that private sector involvement is generally assumed to produce higher rates of trainee placement in the private sector. Using data on 1976 CETA enrollees, he found that between 70% and 94% were employed by the private sector in 1978, a percentage comparable to the 80% of all jobs found in the private sector.

Findings from the evaluations suggest the following regarding the private sector as a work site and as an administrative body. As a work site, the private sector proves to be fairly consistently a superior or good site, although not significantly more frequently than public or nonprofit work sites. As the quality of the work site increases, the occurrence of displacement similarly increases. This suggests that the training dollars are substituted for normal labor costs of the firm and no new jobs are created. Third, even with a full-wage subsidy and all paperwork provided, private sites are difficult to recruit; sites become increasingly difficult to recruit as the wage subsidy decreases. Firms are generally not willing to serve as training sites, even with subsidies, if they have no current demand for additional labor. Finally, firms do hire a small proportion of workers they have trained, following termination of the subdidy.

Private sector work sites are frequently preferred because they are perceived as "real jobs." The preference given to recruiting private sector work sites must be weighed in light of displacement problems (e.g., what is the degree of displacement, what demographic groups are displaced, etc.). To what degree does subsidizing private sector work training represent a subsidy to the firm for training it would have otherwise incurred? Is a more disadvantaged group trained than would normally be the case? Second, utilization of private work sites requires substantially more administrative support. Are the benefits sufficient to compensate for the increased costs? Third, it is doubtful that a comparable number of private sector sites, relative to public or nonprofit sites, could be recruited; there appears to be a limit to the level of private sector involvement which can be obtained. Finally, it is unclear whether OJT participants make greater earnings gains than participants with classroom training or work experience; while earnings appear higher, OJT participants tend initially to be more advantaged trainees.

As an administrative body, the private sector emphasizes different training (e.g., more traditional modes of classroom and OJT); evidence is mixed as to whether it places more participants in unsubsidized jobs than traditional CETA service providers. Overall positive outcome rates do not differ significantly between PICs and traditional service providers.

The evaluations do not support the assumption that private sector involvement is crucial to provision of effective employment and training programs. Administratively, business are no more frequently involved in actual service provision than traditional sponsors; their involvement does not increase either their or the general business community's willingness to provide private sector training to disadvantaged workers. Those businesses which do serve as work sites frequently fail to hire other trainees they normally would have hired themselves. Unless the JTPA clients served are more disadvantaged than those displaced, businesses may be subsidized for regular training which would have occurred in the absence of subsidies. Government would be paying them to hire a different but similar worker while creating no more total jobs. Little information is available as to whether private sector training has a more positive impact than classroom training or work experience on future work and earnings. Studies which have reported greater impact from OJT have undercompensated for the more "advantaged" worker in OJT as compared with other training programs [General Accounting Office 1983].

TRAINING SERVICES

Allowable service provision under JTPA is similar to CETA in that traditional classroom training, OJT, and work experience remain components. However, the effort to cut enrollee costs, the emphasis on employment placement, and the reimbursement structure which allocates funds dependent on placement rates has pushed JTPA's emphasis toward short-term training, employability services, and retraining for displaced workers. The educational component and longer-term training of CETA have been cut. Both may severely constrain JTPA effectiveness for those participants who need job training services most.

REMEDIAL TRAINING

It has been asserted that the "single most important screening device used by employers is education credentials, regardless of the actual abilities of the worker" [Magnum and Walsh 1978]. Lack of a high school diploma all too frequently compounds the employment problems of unemployed youth and adults. For example, 85-90% of Job Corps enrollees lack a high school diploma [Mallar et al. 1982]. A six-month or one-year training program cannot be expected to compensate for the educational background which should be gained through the public school system. Provision of remedial education services, however, is essential if disadvantaged youth and adults are to attain any employment above low-skilled, entry-level positions. Absence of remedial education in JTPA will likely have a long-term impact on the types of jobs attainable by participants.

There is some evidence that trainees gain from longer program participation; JTPA's efforts to reduce costs/client have most likely resulted in shorter-term and/or less intense training.

Certain evaluations have assessed whether the length of training has a positive impact on participant outcomes. Some studies have reported that increased earnings coincide with increased length of training. Kiefer [1979] reported both male and female effects for both classroom training and OJT in the Manpower Development and Training Act. Female trainees in classroom training, OJT, and work experience gained from longer training but male trainees did not in the CBO [1982] evaluation. Goodfellow [1979] measured both length-of-stay effects and total effects for male and female participants in Manpower Development and Training Act's classroom training and OJT components. Variations by sex and race were found regarding whether a given group gained in earnings solely from program participation or whether it gained more in earnings from longer program participation. For example, black males in MDTA and black females in JOBS did not experience an earnings gain from their length-of-stay but did experience a total effects earnings gain. However, both white and black females in MDTA classroom training benefitted from their length-of-stay in the program. Job Corps data indicates that higher employment rates and starting wages result when a youth remains in the program longer [Mallar et al. 1982].

Hardin and Borus [1971] present conflicting data; their evaluation of the Area Reindustrialization Act and the MDTA classroom training found the earnings effect to be the greatest in shorter classes. Training of 60 to 200 hours produced no earnings effect and more than 600 hours was correlated with an earnings decline.

Interpretation of length of training effects must be made cautiously due to the following factors:

1. It may not be possible to measure program intensity (e.g., the number of training hours per day) so as to distinguish intensity from length of participation [GAO 1982].

2. It is difficult to distinguish training effects from motivational effects; more motivated persons may remain in training longer so higher motivation and/or longer training may affect earnings [GAO 1982].
3. Effects of training or length of training may vary by occupation [Hardin and Borus 1971].
4. The functional form of returns to training is unknown; an individual may invest more (longer training), take a lower-paying job (negative training effect) but see higher earnings returns over the long run [Hardin and Borus 1971].

With limited educational services and decreased training per client, one can question how effective JTPA training services will be in comparison to earlier employment and training activities. A review of the literature reveals how effective classroom training and work experience efforts have been for various target groups. OJT, as a training effort provided by the private sector, has been previously discussed in the private sector assessment. Because of different employment difficulties, the programs for male and female adults and youth will be assessed separately.

Classroom training. Classroom training activities include development of academic skills or technical training. They are designed to increase an individual's human capital so that persons may attain higher paying jobs; by developing skills in demand by the labor market, classroom training is thought to address structural unemployment.

Classroom training activities have been found consistently effective across the different employment and training programs. Primarily, increases in earnings and labor force participation rates have been used as indicators of program effectiveness.

Classroom training consistently increases the earnings of female trainees relative to the earnings of females in the control group(s) [Ashenfelter 1979; Westat, Inc. 1981; Cooley et al. 1979; Goodfellow 1979; Kiefer 1979; Borus 1978; Hardin and Borus 1971; Main 1966].

The earnings effect can be divided into employment and wage rate effects. Increased employment raises earnings by virtue of the employee working more hours per week or weeks per year, while an increased wage rate increases earnings through its larger hourly wage. The majority of evaluations indicate that women experience both an employment and wage effect. For example, the CBO [1982] evaluation found that classroom training increased female earnings by over $1,400 per year; four-fifths of the increase was accounted for by increased hours worked, higher labor force participation, and an increased ability to hold a job, all employment effects. The remaining 20% was attributable to a higher wage. Similarly, Cooley et al. [1979], Goodfellow [1979], and Gurin [1970] reported both employment and wage rate effects.

The effects of training reflect less consistent increases for male trainees. No training effects for male participants were found by CBO [1982], Goodfellow [1979], or Kiefer [1979]. Other evaluations indicated earnings increases but increases were due solely to increased employment [Ashenfelter 1979; Cooley et al. 1975; Hardin and Borus 1971; Main 1966]. Training programs did not affect male wage rates in any of the studies.

In general, classroom training had the greatest effect on those persons with no previous labor force experience, regardless of sex or minority status [CBO 1982].

A primary source of youth classroom training was the Job Corps, an intensive residential skill training program. Job Corps combined work, skill training, and education in a standardized program which incorporated individualized instruction. A final key element of the Job Corps was its provision of support services such as health care. Job Corps can be evaluated in terms of its impact on the educational, employment, and wage gains of participants.

JOB CORPS

The overall effectiveness of the Job Corps on education appeared positive. One study of the Job Corps from 1968 to 1974 reported gains in both reading and arithmetic [Levitan and Johnston 1975]. The study also reported that the highest gains were made by those with the lowest educational levels upon entry into the program (third to sixth grade). Another study of the Job Corps, however, pointed to the fact that the "basic education seemed relatively ineffective for those who tested below the sixth grade level" [Magnum and Walsh 1980: 105]. Enrollees with better than sixth-grade reading levels actually showed losses [Levitan and Johnston 1975]. Similarly, a longer stay in the Job Corps was correlated with a decrease in educational improvements, which suggested that enrollees might have been relearning skills they had previously acquired [Levitan and Johnston 1975]. With the average length of stay in 1974 for a Job Corps enrollee being 5.5 months, the enrollee typically received the equivalent of a 10-month school year of education [Levitan and Johnston 1975].

The most recent major study of the Job Corps, which looked at educational trends over a four-year period, found that enrollees had a higher probability of (1) receiving a high school diploma, (2) attending more weeks of college, and (3) attending some kind of vocational school (though this was at a decreasing rate over the four-year period) than their controls [Mallar et al. 1982]. Thus, the remedial program appeared successful—particularly for the undereducated who needed the remedial program most.

Some differential impacts on education were as follows. Levitan and Johnston [1975] reported that females made fewer educational improvements than did males. It is important to note, however, that these same women also entered with higher educational backgrounds, that is they had less to gain educationally in a program geared toward lower levels of achievement. Another study of the Neighborhood Youth Corp (NYC) reported that only black females and white males made significant gains—in terms of likelihood of graduating from high school—than their controls [Somers and Stromsdorfer 1970]. Measured in terms of attendance in some type of secondary school, the study reported that only males showed any positive results. Mallar et al. [1982], however, reported that over a four-year period females (without children) had an advantage over males in terms of receiving a high school diploma, and the amount of time spent in college, high school, vocational school, or technical school. In some cases, such as attendance in any school in general, females even reported gains in comparison to their controls where males had not. Thus, this recent study shows female advantage over males emerging as an important differential impact.

The most recent evaluation of the Job Corps revealed an increase in the time employed by participants, accompanied by approximately a $10 weekly increase in earnings [Mallar et al. 1982]. Earlier evaluations similarly indicated positive employment and earnings effects from the Job Corps [Cain 1968; Levitan and Johnston 1975; Mallar et al. 1978]. While control groups showed a slight advantage over the Job Corps enrollees, program graduates (enrollees that stayed longer than six months), and youth under eighteen all enjoyed higher employment rates than their controls [Harris 1967]. The Harris studies further found that 74% of enrollees who had stayed over six months reported they were better off as a result of the program, as compared to 44% who had stayed less than six months.

The lower long-term impact which appeared in earlier studies [Harris 1967] was not apparent in the most recent evaluation by Mallar et al. [1982]; no program decay was evidenced 24 months following program termination.

In terms of differential earnings impacts, one study found that the Job Corps had some effect on black males with respect to earnings (due to increased labor force participation) and no effect on females [Kiefer 1976]. A more recent study found that females without children reported substantial gains over males with respect to earnings, employment rates, and hours and weeks worked. Females with children increased their participation in training programs and decreased their receipt of public aid, in comparison to the controls, while males increased their military involvement and decreased receipt of unemployment insurance [Mallar et al. 1982].

Racial and ethnic differences in post-program employment and earnings are not statistically significant for females but are for males. White and Hispanic male earnings and post-program employment are higher than black and American Indian males, while black and Hispanic males are more likely than white and American Indian males to stay and complete the Job Corps program [Mallar et al. 1982].

CETA youth discretionary nonresidential training projects provided a less costly alternative to the Job Corps. Data collected from a range of discretionary programs was evaluated to determine program impact in comparison to that of Job Corps. Interpretation of data is to be conducted cautiously, as it is gathered from a disparate set of demonstrations which vary in intensity and types of training, control groups, and quality of data.

Data analysis indicated that participants in nonresidential discretionary programs increased their earnings relative to control groups. However, comparison of classroom training and OJT revealed that the primary share of earnings gains from discretionary programs come from OJT rather than classroom training [Hahn and Lerman 1983].

A 1985 National Academy of Sciences report concluded that the research evidence on recent youth training programs was so weak, with the exception of the Job Corps studies, that it was impossible to reach any clear conclusions about the effects of most of the programs that had served 6 million youth since 1977. The report, however, concluded that there was a clear evidence of the net benefits of the Job Corps. The report concluded that many youth programs had mistakenly failed to serve dropouts, for whom training was particularly important [National Research Council, Committee on Youth Employment Programs 1985].

Classroom training was most effective in increasing employment and wage rates of female participants; the degree that effects are dependent on participants' receiving training in high growth (e.g., clerical and health care) fields is not known. Classroom training is less effective for adult male participants. Only employment gains are made, and those appear subject to decay over time. For those youth who graduate from the Job Corps, its intensive program provides significant increases in education, employment, earnings, and noneconomic factors.

WORK EXPERIENCE

Work experience programs provide short-term or part-time subsidized employment within any setting other than the private-for-profit setting. It is most appropriate for those individuals who have never worked or who have not worked for an extended period of time. Since work experience programs frequently provide training to more disadvantaged workers, there may appear to be fewer gains in comparison with other types of training. CETA provided adult work experience; the Supported Work program with AFDC (WIN) is another example of a work experience program, which provided help to former substance abusers, former prison immates and problem youth, all hard-to-employ groups. Youth work experience has been the focus of the Neighborhood Youth Corps (NYC), school-linked employment, and the CETA Summer Youth Employment Program (SYEP).

Relatively few evaluations of work experience programs have been conducted. Perry et al. [1975] reported only one evaluation of Operation Mainstream in his review of 210 employment and training programs. Operation Mainstream provided employment for the rural elderly, and while one evaluation indicated a slight increase in earnings, it was largely an income transfer program.

Due to the lack of work experience evaluations, the following discussion will focus on the Supported Work Program, with additional limited information provided regarding CETA work experience and the Employment Opportunity Pilot Project (EOPP).

As indicated previously, the CBO [1982] evaluation of CETA classroom training, OJT, and work experience found that all programs increased female earnings. Work experience participants increased their earnings by $1,300, but the dollar amount was not significantly different from classroom training and OJT increases. Again, the earnings increase was comprised of both an employment effect and a wage rate effect.

Masters [1982] evaluated the impact of WIN II on female AFDC recipients. Employment, hours worked per month, and earnings changes were assessed through 19 months following program completion. Masters reported that earnings remained higher for WIN II participants 16 to 18 months following the program term and that the average wage rate of the program participants was greater than the average wage rate of the control group at all sites. The largest effect was for women who had never worked; for women who had worked but never for more than a year at a given job, there was no effect on earnings as was true for male trainees.

WIN was found to result in a 35% increase in female yearly earnings in Schiller's [1978] evaluation. In addition to subsidized employment, both job search assistance and vocational training were provided. Only subsidized employment resulted in earnings increases for all participants, both new and intermittent or "unstable" labor force participants. Participation in WIN led to higher average earnings, increased number of weeks worked and increased educational attainment in Borus's [1978] evaluation of short- and long-term effects of training and employment programs.

The Employment Opportunity Pilot Project (EOPP) provided limited job search assistance for AFDC recipients (up to three weeks), followed by a maximum of one year subsidized employment or training followed by job search assistance. Participation by eligible AFDC recipients was low; 30% of those receiving job search assistance were aided in finding jobs. Job search assistance was particularly helpful to single mothers.

Schiller's [1978] evaluation reported an increase of 10% yearly earnings for male AFDC participants in Supported Work. Again, while job search assistance, vocational training, and subsidized employment were all offered, only subsidized employment increased earnings for the typical participant with recent but unstable work experience. Borus [1978] found that participation in a number of employment and training programs, including WIN, had a statistically significant effect on the long-term hours worked and educational attainment.

Work experience programs for youth were designed primarily to increase the overall employability of youth. Additionally, work experience was intended to foster good work habits, decrease dropout rates, and deter juvenile delinquency. Prior to CETA youth demostration programs, the NYC was the principal work experience program. While success from the NYC appeared minimal, the CETA demonstration projects suggested that some work experience programs could be effective for certain youth.

The first measure was the relation of work experience to dropout rates, and thus, educational success of enrollees. The findings were generally negative. Studies of NYC enrollees found no improvements in relation to controls in either the number of grades completed [Somers and Stromsdorfer 1970;] or probability of graduating from high school [Somers and Stromsdorfer 1970; Taggart 1976; Magnum and Walsh 1980; General Accounting Office 1982]. A study of NYC enrollees by Robin [1969] found that part-time work disrupted the academic performance of some less able youth [Taggart 1976]. The Somers and Stromsdorfer study found that enrollees actually had less of a chance of graduating than did their controls.

There were some benefits for those who did graduate from high school, however. NYC enrollees enjoyed a 12.6% chance of going on to college compared to controls [Somers and Stromsdorfer 1970]. However, given that the program's relation to graduation is suspect, this positive finding has less significance. There was a very slight positive correlation between length of stay in a program and benefits accrued [Somers and Stromsdorfer 1970]. These generally unclear or negative findings are reinforced by another study of the in-school NYC that found that there were no program-related improvements in desire to continue school, attain certain educational goals, or improve scholastic performance [Robin 1969].

There were slightly more positive results for some groups. Although a study of the NYC showed that black males and white females displayed no statistically significant increased likelihood of graduating from high school [Somers and Stromsdorfer 1970], the study did find a 12.5% advantage for black females. Essentially, however, the complexities of the dropout problems were "beyond the healing powers of simple work experience" [Magnum and Walsh 1980].

The impacts of work experience in improving overall employability of enrollees were mixed. Studies by Miles et al. [1973] and the National Longitudinal Survey Data [1977] reported that there was no relation between occupational success and part-time work [Magnum and Walsh 1980]. Analysis of the summer NYC revealed that it had no measurable impact on earnings [Somers and Stromsdorfer 1970]. Another study by Walther and Magnussen [1975], which attempted to assess the effect of the inclusion of the more skills training in the NYC, reported that "the redesigned NYC was not significantly more effective in improving the employability of its enrollees than its predecessor" [Magnum and Walsh 1980: 58]. It was also reported that NYC enrollees showed no improvement in work attitudes or occupational expectations [Robin 1969]. While one study noted that NYC enrollees showed earnings increases, the lack of improvement in wage rates or total months unemployed compared to controls indicated that this result was not due directly to the program but to the fact that the NYC group had fewer "months of voluntary labor withdrawal" [Somers and Stromsdorfer 1970: 151]. In other words, the program had increased a desire to substitute employment in the labor force for leisure or other nonlabor force activities [Somers and Stromsdorfer 1970: 155], but it did not give its participants any wage advantage over controls. The work experience programs under the Emergency Employment Act, which offered employment that was more integrated and compatible with actual occupations than NYC, reported positive gains in wage rates [Taggart 1976]. These programs, however, had less disadvantaged enrollees than the NYC. A later study of the NYC by Somers and Stromsdorfer [1972] reported positive earnings effects [Magnum and Walsh 1980]. A study by Golstein

[1972] reported a slight increase in earnings for NYC enrollees but noted that the use of a different statistical model would have eliminated this apparent gain [Taggart 1976].

One study found that NYC males, due to increased labor force participation, showed improvements in earnings while females did not [Somers and Stromsdorfer 1970]. Blacks in the NYC seemed to gain more than whites in both earnings [Somers and Stromsdorfer 1970; Kiefer 1976] and wage rates [Walther et al. 1971].

When CETA youth work experience was linked with school or dropouts were given jobs if they returned to school, a significant number returned to school. Of those who returned to school, 15% went on to graduate. The linking of jobs to school was more effective in bringing unemployed out-of-school youth back to school. Supported work for out-of-school youth increased participants' employment gains while they were in the program but did not affect post-program employment and earnings.

School-conditioned employment raised the school enrollment of participants. Further, it was found to increase the employment rate by 40% for eligible youth; black student participant employment was 135% higher than their control group. When grants were provided to supplement school and work with remedial education, preemployment services and counseling, the supplementary services had a modest effect on bringing dropout youth back to school and retaining them. Supplementary services with school and work experience did not affect in-school youth retention [Hahn and Lerman 1983].

SYEP was both a short-term work experience program and the primary youth job creation program. Hahn and Lerman [1983] report that SYEP provided a job for one in six eligible youth who are unable to obtain unsubsidized jobs; this represented a 32% increase in youth employment—an impressive job creation performance.

The ability to obtain unsubsidized employment afterward varied by race, sex, and age. While two-thirds of all 20 to 21-year-old former participants obtained jobs, only 20% of 14- to 15-year-olds located unsubsidized employment. Males were more likely to obtain unsubsidized jobs than females. Finally, white youths were more than twice as likely as black and other minority youths to obtain a job.

Through SYEP, 21% of eligible males unable to locate an unsubsidized job were served, compared with 15% of the eligible females. Hahn and Lerman suggest that "the lower employment/population ration of disadvantaged women would require a majority of SYEP slots to be allocated to women in order for the program to generate an *equal relative impact* on the pool of non-employed, eligible women" [1983: 272]. SYEP served one in five eligible black youths lacking unsubsidized jobs, compared to 4% of eligible white youths; because white youths are twice as likely to locate unsubsidized jobs, black youth participation in SYEP was much higher.

Beyond its service to eligible youths, SYEP's effectiveness as a job creation program can be evaluated through determining its impact on total summer youth employment. SYEP provided 17%, 5% and one of 125 jobs for youth aged 14-15, 16-19, and 20-21, respectively. It represented 5% of all summer jobs for female youths and 4.6% of all summer employment for males. Its impact is clearest with regard to racial differentials in that 25% of all black youth (16-19) employment was through SYEP, compared to one of 40 white youth jobs.

In the summers of 1980 and 1981, SYEP was responsible for 44% of added jobs for those 14-15, 25% for 16-19 year-olds, and 8% of 20- to 21-year-olds increase in summer jobs. Twenty-two percent of additional summer jobs for males and 26% of new summer jobs for females came from SYEP. Finally, 90% of all gains in summer employment for minorities were from SYEP. The entire net increase in 1981 summer employment for black teenagers was due to SYEP positions.

It is clear that SYEP was a critical source of employment to those youths who experience the greatest difficulty in obtaining unsubsidized jobs. This is substantiated further in 1979 NLS data which indicate that 50% of all minority youth employed in 1978 summer SYEP jobs were not employed in another job that year. A large proportion of SYEP youth with two jobs in 1978 were dependent upon another government job (e.g., CETA work experience and PSE) for the second job [Hahn and Lerman 1983].

SYEP's impact on subsequent earnings or educational gains is less clear than its employment impact. Hahn and Lerman [1983 found that SYEP helped reduce dropout rates of "mildly disadvantaged" older black male teens; its positive effect on severely disadvantaged 16-year-old black males was too small to be statistically significant. With regard to employment, SYEP appeared to increase part-time school employment.

Summary. Participant gains from work experience programs have been less consistent than other training programs. For example, in Supported Work for AFDC recipients, only women who hadn't worked before showed wage rate gains. This contrasts with wage rate gains for all women in classroom training and OJT. Similarly, single mothers benefitted the most from EOPP's job search assistance. Youth frequently gain in employment from work experience; gains are increased (e.g., reduced dropout rates, more part-time school employment) when jobs are linked to school. Summer youth employment programs were intended much more to provide temporary jobs to prevent summer riots than as part of serious job training. They were very effective in putting minority youth to work but had very little impact on future employment.

OUTCOME MEASURES

JTPA has a much stronger emphasis on immediate job placement after program participation than did earlier programs. Therefore, a primary concern when discussing program effects is the measurement of short- and long-term program impact on trainees. The relationship between short- (0-90 days post-program) and long-term (18 months to 4 years) impacts is a second major question.

To date, the primary measures of individual impact for employment and training programs have been economic. Measures have included a trainee's status at program termination (e.g., employed, enrolled in educational activity, etc.), a trainee's experience within the first 30 days following termination (e.g., number of days employed, hours worked per week, earnings per week) or pre- and post-program changes in status (e.g., earnings changes, decreases in welfare subsidies).

Short-term effects, or measures taken at termination or within the first 30 to 90 days, appear to not be good predictors of a trainee's long-term status three to four years following training. Borus [1978] examined the relationship of 19 short-term outcome variables (employed 30 days after the program, change in the wage rate, average weeks or hours worked in 30 days, etc.) with five long-term measures of program effectiveness. Little or no relation was found between the short-term variables and the five long-term measures of higher earnings averages, increased weeks worked per year, increased educational attainment, lowered welfare payments, and raised unemployment compensation receipts. A trainee's program completion was related to long-term increased earnings, increased weeks in employment, and decreased public aid. The wage level at 30 days was related to long-term increased earnings, increased weeks in employment, and receipt of unemployment benefits. (No other short-term indicator was correlated with more than two long-term indicators.) Many participants were not yet placed in jobs shortly after leaving the program: 53% of participants in this study did not have jobs 30 days after leaving the program, and 47% were without jobs 90 days after leaving. However, there was a statistically significant impact of program participation on a trainee's long-term employment status and earnings. The study was repeated by Hardin and Borus [1980]; they selected different short-term outcome variables but again found little relationship between short- and long-term measures. This suggests that one can tell very little about the lasting impact of a program from initial placement rates. The JTPA program, however, relies very heavily on such short-term measures.

Problems with specific short-term measures. Placement rates are one of the short-term measures frequently used to evaluate program effectiveness. The percentage placed in unsubsidized employment gives no indication as to the quality of the placement in terms of job's stability or wage rate. Second, if applicants are creamed so as to attain a good placement rate, the rate then reflects the quality of the applicant rather than the program. Further, low placement rates may be a function of serving the most disadvantaged, of a loose labor market, etc. The initial placement is frequently not related to later employment status; Westat, Inc. [1979a] found that 41% of 1976 CETA terminees had a different employment status 3 months after termination than they had at the time of termination.

Earnings. Use of earnings measures as indicators of effectiveness is also problemmatic. Many employment and training evaluations which examined changes in pre- and post-training earnings for participants measured changes in yearly earnings. A change in yearly earnings may arise from earning a higher wage yet working fewer hours, earning the same wage rate yet working more hours, or a combination of changes in wage rate and total hours worked [Hardin and Borus 1971]. Since a primary objective is to increase a trainee's wage, rather than just to increase working time, it is important to be able to separate wage and employment effects. Wage rate reports are often inaccurate and there is frequently little effort to verify reports of either pre- or post-program earnings.

Summary. Measures of positive long-term (3 to 4 years) post-program outcomes such as increased earnings and education are significantly related to some kinds of participation in employment and training programs. Short-term measures do not appear to be correlated with long-term impact and thus provide an inaccurate impression of program effectiveness. Additionally, placement rates and changes in yearly earnings, two of the most frequently utilized measures, provide unclear information. For example, high entered employment rates such as those reported in JTPA indicate little with regard to a participant's wage growth and future labor force participation. High EER's also may reflect high placement in minimum-wage jobs with little or no wage growth. Alternatively, a low EER may reflect decisions to seek more education or training which can lead to employment with greater opportunities for occupational advancement and wage growth. Use of such indicators to judge program effectiveness should be undertaken cautiously until a clearer understanding with regard to definition and measurement of short- and long-term effectiveness is developed. Unfortunately, this is the dominant measure built into the JTPA legislation and regulations. The basic policy goal, however, is to deliver services that improve the trainees' long-term job situation. To do this we would need long-term followup data and controls to separate the effect of training from that of creaming.

PUBLIC SERVICE EMPLOYMENT

Public service employment (PSE) has complex goals including providing employment, financing public services and training through employment. While PSE appears successful as a short-run measure to increase aggregate employment, it has not been as successful as a training program. As a job creation program, PSE can be evaluated with regards to the impact on aggregate employment, the participants it serves and the impact it has on local public service provision. Training activities, employment, and earnings effects can be utilized to determine its possible value as a training program.

The primary program prior to CETA Title VI in 1973 was the Public Employment Program (PEP), a component of the Emergency Employment Act of 1971. In their evaluation of PSE, the National Urban Coalition [1972] found that most served by PEP were relatively advantaged; participants were typically adult males with at least a high school education who had only recently become unemployed. Most possessed significant work skills. Further, PEP provided little in either training or supportive services. The National Urban Coalition recommended a number of changes in the program, including retargeting to disadvantaged workers (e.g., youth, women, non-high school graduates, older workers), making more training available, ensuring that jobs were not low-skilled with little chance for advancement, and using nonprofit, private businesses, and the public sector as service providers.

When CETA was enacted in 1973, Title II contained a small PSE program but the program was limited to areas of substantial unemployment. A year later, Title VI was added as a one-year, countercyclical PSE program. Although it incorporated some of the recommendations from the earlier PEP evaluation, it still served mostly more advantaged unemployed workers. In addition, there was evidence that governments were utilizing Title VI participants to displace normal city employees.

The Emergency Jobs Program Extension Act of 1976 sought to restructure PSE by tightening targeting requirements and deterring substitution by employing participants in short-term projects outside ongoing governmental services and utilizing nonprofits as employers.

The size of fiscal substitution, or to what degree state and local governments use PSE funds to pay for present employees or new employees who would have been hired in the absence of PSE funds has been a primary concern. Johnson and Tomola [1977] suggest that concern with the size of the fiscal substitution is dependent on whether "PSE is viewed primarily as (1) a counter-recession policy, (2) an anti-poverty program, or (3) a form of disguised revenue sharing." With regard to its effects as a counter-recession policy, Johnson and Tomola suggest that when fiscal substitution is small, PSE may be a very effective short-run policy.

Their analysis of aggregate state and local government employment in two periods revealed that the fiscal substitution effect of early PSE was small for initial periods but rose to approximately 100% after five quarters. Such findings support the claim that PSE is an effective short-run method to manage demand-deficient aggregate employment.

With respect to its employment and training effects, Johnson and Tomola suggest:

> to the extent that substitution approaches 100%, PSE is not a manpower program at all. This conclusion, however, must be tempered by the possibility that the PSE program is successful at altering the *composition* of state and local employment

> toward those groups that are relatively disadvantaged with respect to the labor market even if there is a large amount of substitution.
>
> [1977: 5]

Lower displacement rates are in large part due to maintenance of effort restrictions in the 1976 CETA amendments. A clearer picture of the distribution of PSE positions resulting from such requirements is provided by NCMP [1978]. Following amendments, most Federal dollars resulted in new job creation; 51% were new jobs providing new or expanded services, 31% maintained existing services which would have been cut back in the absence of PSE, and 18% displaced regular state and local positions [NCMP 1978]. Similarly, Nathan et al. [1981] reported a 20% displacement rate. Displacement was lower in the new, twelve month, project-oriented PSE, the rate being 8%. During the 1970s, in other words, Congress developed methods to assure that the jobs paid for were new jobs, something that is not true in training programs or OJT. In other words, PSE went from being the job program with the most clear evidence for displacement to the only one with strong policies against displacement.

Redistributing employment to more disadvantaged workers. Restructuring PSE in 1976 appeared to move PSE toward serving more workers from families on public assistance or whose income is below poverty level. Bassi [1982] reported that by 1980, 99% of PSE participants were disadvantaged. Similarly, Nathan et al. [1981] and the National Commission for Manpower Policy [1978] found that Title VI PSE moved toward serving low-income, long-term unemployed people. There is some evidence that as Title VI participants became more disadvantaged, Title IIB PSE participants became relatively more advantaged. Further, both programs served a less disadvantaged group than CETA training programs. Braumer et al. [1981] reported that CETA Title I enrollees were more likely to be economically disadvantaged, nonwhite, less well educated, female and younger than PSE enrollees.

The effectiveness of PSE as a training or skill development mechanism varied widely by jurisdiction. Although PSE could potentially provide structured training to enrollees, it rarely did [NCMP 1978; Mirengoff et al. 1980; Nathan et al. 1981]. Most training which did occur was informal OJT. To the extent that the PSE positions represented "real" or necessary government positions, there was an incentive to train enrollees to adequately fill those positions. Less essential positions provided fewer training opportunities [Nathan et al. 1981].

There is some evidence regarding PSE's post-program effects. Bassi [1982] reported an increase in post-program wages of $661 for PSE enrollees. This compares with $774, $311, and $243 for OJT, classroom training, and work experience, respectively. Transition rates from PSE to unsubsidized employment have been utilized as another measure of effectiveness. Mirengoff et al. [1980] reported a placement rate of 31% for Title VI and 38% for Title II, while NCMP [1978] reported a one in three placement rate into private sector employment. Differences in placement rates for target groups were reported by Braumer et al. [1981]. A lower percentage of females, nonwhites, dropouts, poor people, and youth were placed. PSE may have been used by some public employers as a mechanism to build a pool of potential employees to help meet affirmative action goals [NCMP 1978].

Bendick [1982] suggests that a further objective of PSE, as originally designed, was to provide financial assistance to localities in need of local services. To the extent that PSE created new jobs, expanded services or maintained services that would have been cut in its absence, such "community" benefits can be incorporated into the total evaluation of program benefits. Nathan et al. [1981] likewise argues that PSE services are important to the local community. If an evaluation of PSE is based only on its employment effects, it may underestimate considerably the total value of the program.

In summary, job creation through PSE as a strategy to reduce demand-deficient unemployment appears to be a successful approach in the short-run. PSE appeared ineffective in either a long-run redistribution of jobs toward disadvantaged workers or in providing training affecting subsequent earnings of disadvantaged participants. The program did have considerably more redistributive effects after the 1976 and 1978 reforms [Congressional Budget Office 1981]. It is more appropriately viewed as a direct employment program rather than as a form of job training.

ANCILLARY SERVICES

The level of support services available to participants has been substantially reduced with JTPA, suggesting that provision of services such as day care, health care, and wage stipends is an unnecessary component of employment and training programs. Little research has been done on the effect of ancillary services either on the feasibility of a person participating in training or on the effect of services on labor force participation, wage rates, or other post-program impacts.

One study was conducted to evaluate the impact of day care services on women's participation in WIN Supported Work. Smith [1972] reported that the availability of child care affected both a caseworker's decision to refer a woman to WIN and a woman's ability to participate in WIN. Sixty-two percent of the caseworkers perceived child care problems as barriers; over two-thirds cited the availability of child care as an important determinant in their decision to refer clients to WIN. With regard to client participation, 20% of the women who were not enrolled in WIN or who had dropped out pointed to lack of child care as a problem. A quarter of WIN participants who noted major problems which made participation difficult gave lack of child care as a problem. The 1976 Survey of Income and Education showed that one-third of female nonparticipants desiring youth jobs cited family responsibilities and child care problems as major reasons for their inability to seek work [Hahn and Lerman 1983].

Hahn and Lerman report that in-school work experience programs enhanced by remedial education, preemployment services, counseling, and other support services had a modest impact on bringing dropouts back to school and retaining those youth once they were back in school. Summer work programs which incorporated remedial education, preemployment services, and other support slightly increased school enrollment and part-time employment for participants the following autumn. Hahn and Lerman suggest that other work experience programs not tied to remediation services or post-program vocational opportunities are unlikely to produce the same results as "enhanced" work experience. Job placement services in CETA youth programs were found to help youth obtain jobs more quickly but did not improve the subsequent wage rate. Placement services provided by the Youth Opportunity Centers, the Concentrated Employment Program, and the Work Incentive Program displayed limited success [Taggart 1976].

Other research conflicts with these findings. Taggart [1976] noted that a reduction in counseling in the Job Corps had little effect on performance. Walther and Magnusson's [1975] analysis of the NYC, Mott and Moore's [1976] analysis of vocational counseling, and Walther's [1976] general analysis of the Department of Labor's school-to-work transition program all found no correlation between the amount of time spent in counseling and employment success [Magnum and Walsh 1980]. However, Hahn and Lerman's analysis of the range of in-school and out-of-school employment and training programs indicates that program effects are highly dependent on both the type of service and the target group. For example, it was noted earlier that support services aided in bringing dropout youth back to school and retaining them once back in school, but those same services had no impact on in-school youth. Failure to clarify the relationship between types of services and a given target group may account for the conflicting research findings.

Program evaluations provide little other information by which to assess the effect of support on program participation and outcome. Research from other related social programs lends some support to the perception that provision of ancillary services facilitates program participation for certain disadvantaged groups. For example, other types of services appear to affect women's utilization of and retention in substance abuse programs. A positive relationship between the number of support services and the number of women served in alcoholism programs was reported by Beckman and Kopel [1982] while Naierman et al. [1979] found that a drug treatment program which added services for children doubled the number of female clients.

Although evidence is limited, it appears that provision of ancillary services and subsidies may increase access to and retention in employment and training programs. In eliminating stipends, enrollees may be drawn from groups who presently receive some form of public or private assistance, such as adults on public aid or youth who are supported by family members. Fewer enrollees may be low-skilled working adults; these adults may take a minimum wage, dead-end job as they are financially unable to invest in a training program [Bendick 1982]. The impact of a given support service may be dependent upon the target group. Attention given to clarifying what are effective or necessary supportive services and for whom those services are effective or supportive is required before the full impact of ancillary services can be determined.

CONCLUSIONS

1. There is little factual evidence regarding private sector involvement; what evidence there is indicates that private sector involvement requires certain trade-offs. Participants frequently prefer private sector work sites, but there is no evidence that private sector sites provide significantly better work experiences or training than public or private, nonprofit sites. As the quality of those sites increases, the degree of displacement likewise increases. Displacement might be less of an issue if private sector OJT was redistributing training to less advantaged workers. The limited evidence, however, indicates that the private sector OJT largely serves the more advantaged workers. Private sector participation is difficult to secure; a 100% wage subsidy for youth obtained only 18% involvement, falling to 5% involvement with a 50% subsidy.

Administratively, businesses are no more frequently involved in service provision than traditional sponsors; their involvement does not increase either their or the general business community's willingness to provide private sector training to disadvantaged workers. EER's are higher than traditional prime sponsors but overall positive placement rates do not differ between the private and the public or nonprofit sectors. Further, EER rates provide no information as to the types of jobs, wage rates, opportunities for advancement, or stability. In sum, private sector programs may involve subsidizing private employment of workers like those the firms would employ anyway without either reaching the hard-core jobless or changing the employment practices of the firm. The higher reported success rates may be an artifact of the selective recruitment process.

2. JTPA's shift to short-term training, employability services, and displaced worker activities represents a shift to less or noneffective services, if previous research findings hold. The type of employment problems faced by a displaced worker, that of retraining a worker with a prior, stable work history, has not been effectively managed by existing training strategies. Training has been most effective for new or intermittent labor force participants who are trained in high-growth (e.g., clerical and service) occupations. Many of these jobs are in occupations dominated by women and the training programs have been more effective for women. Similarly, employability services have proven helpful primarily with the least advantaged workers who receive them as a component of a wider range of training services. Job search assistance in and of itself has had little effect on employment and wages, although it helps some participants, such as youth, to locate jobs more quickly.

3. An emphasis on short-term training may decrease or limit the best effects of employment and training services. Remedial education may be necessary if disadvantaged youth and adults are to obtain any employment above entry-level positions; its much diminished role in JTPA will have a long-term impact on the types of jobs attainable by participants. There is some evidence that gains accrue to participants in longer training programs. This is particularly clear in the Job Corps program. Again, the degree of participant gains found in earlier programs may be constrained by the focus on short-term experiences.

4. There is little firm evidence about the effects of ancillary services. It would appear, however, that some support services may be necessary for certain groups, such as day care for single mothers and wage stipends for low-skilled, nonpublic assistance workers. Ancillary services may be one of a few important elements which make training possible. There has been little study of the importance of income to support trainees during training.

5. The degree to which the unemployment problems of many persons is demand-deficient rather than structural is not known. Our analysis of Illinois unemployment patterns (see chapter 5), however, shows severe persisting unemployment in some regions and for some groups. These unemployment problems have persisted through the last decade. To the extent that types of jobs appropriate for disadvantaged workers are not available, public service job creation may serve as an appropriate response to their unemployment problems.

PSE raises the issue of displacement as does private sector OJT. When, however, requirements are tightened to limit employment opportunities to short-term projects, displacement is greatly reduced. Further, PSE can be structured to target disadvantaged participants who would largely be denied private sector employment through OJT or targeted tax credit programs. Data reported later in this study show that this was happening in the late CETA program.

Summer job creation has been particularly effective in providing those youth facing the greatest barriers to employment with a brief job experience. Such opportunities enable youth to begin to establish a positive work history which may possibly facilitate their subsequent reentry into the labor market. There is, however, very limited information on this impact.

6. Training programs appear to aid access to entry-level positions but have not helped in upgrading opportunities or altering the present labor structure. To the extent that unemployment problems faced by certain demographic groups are tied to discrimi-

nation in access to the primary labor market, training programs need to be forcefully linked to antidiscrimination policies in order to increase access and mobility in the primary market for women and minority workers.

7. The clearest evidence of substantial long-term training effects is found in the research on the most intensive training program directed at highly disadvantaged youth—the Job Corps. The Job Corps research shows both its substantial impact and its cost-effectiveness.

Chapter Three

The Intent of Congress: The Changing Goals and Assumptions of Federal Job Training Programs

The first step in assessing the success of any program is to state the goals it is meant to achieve and the basic assumptions the program developers had in mind. This step is often omitted in studies where it is presumed that certain goals exist and which measure the degree to which reality conforms with those ideals. Many of the evaluations summarized in the last chapter, for instance, assume that Congress had in mind a certain type of human capital investment in training and employment programs. In fact, major federal programs almost always embody a variety of goals, numerous key decisions about resources and methods of administration, and a number of more or less plausible assumptions about the nature of the problem to be addressed. Since the issue of jobs is near the heart of each party's agenda and is viewed from a variety of ideological standpoints, it is particularly important to try to untangle the background of congressional policymaking in this area.

Since the major jobs bills have been crafted in Congress and represent difficult compromises between partisan groups within that institution, the only way the goals can be determined is to examine the congressional debates and the resulting laws. This chapter examines the evolution of federal job training policy since the early 1970s and analyzes the goals that were the basis for the Job Training Partnership Act.

THE CYCLES OF JOB TRAINING POLICY

The issue of what is the best and most appropriate federal policy to help the unemployed has been continually debated since the late 1950s and has led to three major waves of policy-making. The first, beginning with the 1962 Manpower Development and Training Act (MDTA) of the Kennedy Administration and continuing with a wide array of Great Society efforts to reach the hard-core jobless, vastly expanded the federal role and attempted to target federal funds to change many specific local problems. It created a direct link between federal agencies and local program operators and tended to concentrate money on big cities. The second major reform, the enactment of the Comprehensive Employment and Training Act (CETA) in 1973, was a compromise between the Nixon Administration's desire for massive decentralization and the Congress's preference for maintaining some federal priorities. This law was substantially altered in 1978 by amendments supported by the Carter Administration. The third major law, the Job Training Partnership Act, made the state governments central actors in the job training field and reversed the direction of the Carter policies.

There are few basic issues in employment and training policy. Most of the questions debated today and most of the policies now in place had their counterparts by the mid-1960s. As the last chapter shows, many of these ideas were not only adopted as policies, they were also intensively evaluated in practice.

The MDTA attempted to resolve debates between advocates of classroom instruction and on-the-job training (OJT) by supporting both. Soon after the enactment of MDTA, it was apparent that there was a strong tendency to "cream" in job training programs by training those with the most marketable skills and the best experience. The huge economic expansion of the 1960s and that the MDTA programs seemed to make no substantial impact on ghetto poverty helped set the stage for the great expansion of targeted job programs in the 1964 War on Poverty legislation and other measures. Various poverty program measures attempted to provide more effective outreach to the hard core inner city minority jobless and large-scale summer work for teens. By the end of the 1960s there was a massive experiment with putting primary reliance on the private sector through the Job Opportunities in the Business Sector (JOBS) program, which began with considerable enthusiasm in 1968 but went into serious decline by 1970 as the economic boom came to an end [Weir 1985: 49; Hamermesh 1978: 94]. The 1960s legislation included a variety of temporary public service jobs, mostly for teenagers, and Congress created a general public employment program in 1971 for the first time since the Depression.

The major reforms after the 1960s, CETA and JTPA, were both initiated by conservative administrations desiring to simplify and decentralize programs and to reduce the federal role. In each case, central cities saw their position in the programs erode as the suburbs and then the state governments became major participants. In each case, great emphasis was put on coordination as a solution to the job problem. In each case, congressional liberals tried to preserve some elements of targeting severe problems and areas and groups not likely to be well-treated by the private market.

New job training programs were the most visible successes of both the Nixon "New Federalism" campaign of the early 1970s and the Reagan "New Federalism" campaign of the early 1980s. The Comprehensive Employment and Training Act of 1973 was the only large "block grant" program to win enactment during Nixon's years in the White House, and the Job Training Partnership Act was the largest program restructuring federal social policy during the first Reagan term. The first round of decentralization increased the authority of local government and reduced the power of the managers of the individual federal grant programs it replaced. The second round featured a major transfer of administrative authority from Washington to the state capitals. The role of private business became far more important and the role of the public sector much smaller. In two successive stages, the idea of how national programs should target national problems was changed.

CETA: THE FIRST ROUND OF DECENTRALIZATION

Most of the debates over job training policy for the next fifteen years were already evident in the discussions leading to the enactment of CETA in 1973. The law moved significantly away from direct federal control, and the debate brought out claims later used to justify further decentralization in the 1980s.

By 1973, the need to coordinate and reform the nation's manpower programs was widely recognized. The federal government funded many specific programs, but it did not coordinate the various actions being taken in a given area. The various overlapping programs could lead to inefficiency and wasteful spending. The Comprehensive Employment and Training Act of 1973 was enacted to serve as the mechanism for coordination, and it addressed three main issues: the need for permanent job training programs, the shift of program control from the federal to the state and local level, and the use of the federal government as an employer of the last resort. According to Senator Robert Taft, Jr. (R-Ohio), the purpose of CETA was to "provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons, and to deal with unemployment problems which periodically surface in the economy." The merits of such programs, he said, were supported by city and county officials, program administrators, business and community leaders, labor organizations, and program participants [*Cong. Rec.*, 19 December 1973: S42445]. Senator Taft explained that the federal government's involvement with these programs was needed because, "providing training programs to individuals so they can help themselves is one of the most important ways by which government can help its citizens." [*Hearings, Comprehensive Manpower Reform* 1972: 1410].

Leaders of both parties also agreed that the methods of delivering manpower programs caused administrative confusion. All manpower programs at the state and local level were administered by the Department of Labor, which had approximately 10,000 contracts with specific agencies or groups. There were no federal guidelines specifying combined efforts of all service deliverers in a locality. Charles Bowser, executive director of the Philadelphia Urban Coalition, testified about the "horrendous fragmentation because . . . almost any group can submit a proposal and get funded by the Labor Department" [*Cong. Rec.*, 24 July 1973: S25703].

Senator Gaylord Nelson (D-Wis.) noted that the uncoordinated funding mechanisms led to further tangles at the state and local levels. While some programs were financed directly from Washington or through the regional offices, others were funded by the Department of Health, Education, and Welfare through state vocational agencies. The situation was further complicated because the laws allowed the Secretary of Labor to use his discretion in making changes concerning the distribution of money for programs, even in the middle of a fiscal year.

The uncoordinated efforts and the funding difficulties, according to Senator Nelson, resulted in "massive confusion and frustration and a conviction among manpower experts that a much better delivery system for the Nation's major manpower training efforts must be developed" [*Hearings, Comprehensive Manpower Reform* 1972: 1271]. Reformers hoped that the states and localities were more aware of their needs than was the federal government. "Local community involvement," said Carl Holman, president of the National Urban Coalition, "would give you an opportunity to gear programs to the characteristics of the local population, the labor market, and the capacity of its local manpower and manpower related institutions" [*Hearings, Job Training and Employment Legislation 1973:* 90].

The view that the states and localities should have an increased role reflected the administration's ideology of less federal government involvement in domestic affairs. President Richard Nixon said, "let us put the money where the needs are. And let us put the power to spend it where the people are" [*Weekly Compilation of Presidential Documents*, January 7-April 1 1974: 2].

Basic legislative reform was needed. Wendell R. Anderson, Democratic Governor of Minnesota, wrote to Senator Hubert Humphrey (D-Minn.) and expressed his concern that reform through administrative action would "only result in a high degree of uncertainty regarding future program operations." [*Cong. Rec.*, 24 July 1973: S25714]. Manpower reform had to be stable: it required "a new national commitment—joined in by the executive and legislative branches together so that it has the best possible direction for the future and so that the change to a new system is accomplished in an orderly manner on a time-table under law, not inflicted arbitrarily or in a 'strong-armed' way by the executive branch" [*Cong. Rec.*]. Senator Nelson also pointed out that the governors and mayors supported the legislative action to achieve manpower revenue sharing [*Hearings, Comprehensive Manpower Reform 1972:* 1423]. During the Senate hearings, the only complaint against decentralization came from the Urban Coalition, which believed that the needed sympathy and understanding of urban problems simply did not exist at the state level [*Hearings, Comprehensive Manpower Reform 1972:* 1423].

THE FEDERAL ROLE

No one questioned the need for federal funding of manpower programs, especially when those programs were implemented in areas where the unemployment problems were so overwhelming that local governments were "too strapped for funds to offer basic services" [*Cong. Rec.*, 24 July 1973: S25707]. Job training has never received significant state and local funding. The federal government would provide funding through block grants, lump sums of money that the local prime sponsors could distribute according to their individual plans [*Congressional Record*, 24 July 1973: S25701).

President Nixon believed that having few federal strings attached to the funding was the best plan. "The primary responsibility," he explained, "rests with the state and local governments. The proper Federal role is primarily that of helping state and local governments finance their own activities while conducting directly those few programs that can be done efficiently and effectively only by the Federal government" [*Hearings, Job Training and Employment Legislation 1973:* 113].

Congress also debated the role of the Secretary of Labor in a decentralized system. Some people believed that the Secretary's proposed role in designating prime sponsorship areas and approving prime sponsors' plans was too broad. Governors, the U.S. Chamber of Commerce, and the AFL-CIO all favored less power for the Secretary. The AFL-CIO's Kenneth Young believed that if the desire was to shift responsibility to the state and local officials, then they, not the Secretary of Labor, should have the power to approve the manpower programs [*Hearings, Job Training and Employment Legislation 1973:* 113]. If the Secretary was in charge of approving every prime sponsor's plan, the desired decentralization would not result because his need to do a lot of fact finding would lead to the "intrusion of Federal staff into the local decision-making process," or so thought Assistant Secretary of Labor William Kolberg [*Hearings, Job Training and Employment Legislation 1973:* 31]. The general consensus among the witnesses was that the appropriate role for the Secretary should be to have the authority to terminate the prime sponsor's funding if the sponsor failed to comply with the provisions in the legislation; the use of oversight, monitoring, and evaluation would assure the accountability of the sponsors [*Hearings, Job Training and Employment Legislation 1973:* 113].

THE GOVERNOR'S ROLE

The governors wanted more authority. They believed that they should control the states' manpower plans because they had the ability to coordinate statewide plans and support local planning and administration [*Hearings, Job Training and Employment Legislation 1973:* 171]. Some objected to the Secretary of Labor's power to designate prime sponsor areas. Calvin Rampton, governor of Utah, argued that this was "totally inappropriate for a federal agency that has no first hand knowledge of our state to arbitrarily designate such areas" [*Hearings, Job Training and Employment Legislation 1973:* 171]. If manpower reform and effective delivery of service were what the legislators wanted, then the planning capabilities of the states should not be destroyed [*Hearings, Job Training and Employment Legislation 1973:* 171].

The governors' objections did not persuade Congress. A House Report explained that Congress wanted to guarantee that the decentralized activities were subjected to effective federal supervision [*Hearings, Job Training and Employment Legislation 1973,* H.R. 659: 2]. Also, Senator Nelson explained that the prevailing attitude was that the people of larger cities and counties were in a better position to plan and administer manpower programs than those people in the state capital. "Efficiency at the local level would not be improved simply by substituting a distant bureaucrat in the state capital for a distant bureaucrat in Washington. Morever, many have recognized that there is often tension between large cities and state governments" [*Congressional Record*, 24 July 1973: S25703]. The Secretary was given the power of approving state plans and designating prime sponsor areas.

The battle over public service jobs. With the need for job training, coordination, and decentralization established, along with the federal and local roles, attention then turned to how to employ the people once they completed the training programs. Jobs needed to be there because, as AFL-CIO spokesman Kenneth Young explained, "training without job opportunities for those trained is a con game producing social dynamite," [*Hearings, Job Training and Employment Legislation 1973:* 127].

No one disagreed with the need for and value of job training. Many recognized, however, that the success of these programs depended primarily on the availability of jobs. High unemployment statistics indicated that jobs simply were not there. Jobs, therefore, had to be created, but ideological differences as to whether the private or public sector should or would employ people without jobs ultimately affected how the legislation addressed this issue.

The liberals insisted that job creation efforts should be part of manpower legislation. "Manpower reform that does not include job creation," according to Young, "is not manpower reform at all. It serves no real purpose other than to fool the public and frustrate the unemployed" [*Hearings, Job Training and Employment Legislation 1973:* 127]. There was widespread agreement that the private sector could help to fill the job gap that existed even in good economic times, but that the current unemployment situation was so serious that the private sector could not do the whole job. Much assistance was needed with job creation, and many people believed that the federal government could and should provide the necessary employment opportunities. The administration, however, felt otherwise. The stalemate defeated a new jobs bill in 1970.

The Intent of Congress

Advocates said that the federal government was obliged to fill the job gap by the Full Employment Act of 1946, which states that "when free enterprise or competitive capitalism cannot fill the gap, then the Government has some obligation to do it" [Act quoted in: Subcommittee on Employment, Poverty, and Migratory Labor, 1973: 79]. The public sector was seen as a "natural potential employer of many of our jobless people" [*Hearings, Comprehensive Manpower Reform, 1972:* 1268] for two reasons. It could provide jobs where there were none, and these jobs could provide the needed public services.

Mayors of many cities told Congress that the only way to reduce the extremely high unemployment rates in areas such as ghettos was to create permanent public service jobs. Without them, there simply would be no jobs available [*Hearings, Comprehensive Manpower Reform, 1972:* 1268]. Also, the need for public services in cities was skyrocketing and their resources declining. Public service employment would solve both of these problems.

"We are talking now not about a temporary program," said Urban Coalition Director Carl Holman, "because the problem is not temporary." Public service employment would employ the unemployed and provide the much needed public services. The Urban Coalition, primarily concerned with poor, minorities, and the near poor of inner cities, believed that the federal government needed to respond to the extensive need for jobs in the ghettos and barrios by providing hundreds of thousands of jobs in the public sector [*Hearings, Comprehensive Manpower Reform 1972:* 1270].

The National Organization of Women supported "legislation for providing federally funded public service employment in times of high unemployment in an ongoing, permanent basis" [*Hearings, Comprehensive Manpower Reform 1972:* 1425, 1429].

President Nixon believed otherwise. His opposition to the federal government being an employer of the last resort was evident when he vetoed the Employment and Training Opportunities Act of 1970, which proposed both manpower reform and public service employment. He said public service jobs lead only to make-work and dead-end jobs [*Cong. Rec.*, 24 July 1972: S25705]. Even though the President's National Advisory Commission on Civil Disorders—the Kerner Commission—concluded in 1968 that jobs were at the heart of the poverty problem and recommended a program of one million public service jobs, President Nixon saw local control, not jobs, as the key to improving manpower programs [*Cong. Rec.*, 24 July 1973: S25705]. Paul Fraser, deputy assistant to the Secretary of Labor, said that the economically disadvantaged were unemployed because they lacked "the necessary skills and other requisites for stable employment" [*Cong. Rec.*, 8 March 1973: S7085]. The basic problem was with the people not the labor market.

President Nixon, however, decided to accept transitional public service jobs in a recession the year before his reelection and signed the Emergency Employment Act of 1971. He recognized in this act that "a temporary program of transitional public service jobs might be a useful element in a manpower program" [*Cong. Rec.*, 24 July 1973: S25705].

Though support for permanent public service jobs was quite strong, it did not become a part of CETA for one very good reason—Congress's fear of a veto by President Nixon. His strong opposition to a permanent nationwide public service employment program was well known and feared. The Senate had wanted a permanent program—its bill contained an annual authorization of $1 billion for such a program—but the authorization was dropped in the end as a compromise to avoid a veto. The compromise made the enactment of the bill possible. It was signed into law on December 28, 1973. Manpower reform through job training did take place. A coordinated and decentralized program was established. However, the only provision for public service employment was for transitional jobs in areas with substantially high unemployment rates [*Comprehensive Employment and Training Act of 1973*, Title II, sec. 201]. Initially, CETA did not recognize that some areas might have a permanent lack of jobs.

CETA did address major issues: providing a better delivery system for manpower programs by coordinating the terribly fragmented programs and decentralizing power by shifting control away from the federal level and toward state and local levels. However, this flexible and decentralized system did not, according to program officials in some cities, directly address the issue of unemployment because it did not provide for permanent public service jobs. AFL-CIO spokesman Young attacked the administration's belief that a better delivery system would take care of the unemployment problem because "administrative decentralization and flexibility are not substitutes for job creation and job development" [*Comprehensive Manpower Act of 1973:* 131]. Compromises and inconsistent ideologies had their effects on CETA. Two separate theories of the nature and solutions to the job problem were incorporated in a partial way in the same bill. The same issues would be debated in the 1980s, with very different results.

THE CHANGING LOCUS OF POWER IN JOB PROGRAMS

Debates concerning the optimal approach to combating unemployment continued during the legislative drafting of JTPA. While it was widely believed that a successful job training and employment program must be based on a partnership between the public and private sectors, the desired balance of power among the different actors remained a question affected by varying political philosophies. The roles of local, state, and federal governments in job training changed with changing concepts of federalism.

The CETA legislation mandated that prime sponsors be responsible for planning, implementing and overseeing local employment and training operations. Prime sponsors were determined by the Secretary of Labor and included cities or counties with populations of 100,000 or more which operated a CETA program by themselves. The balance of state prime sponsors were administered by the governor. Consortium prime sponsors were formed by an agreement between two or more local units of government to operate CETA programs. It was within the balance of state prime sponsors that the state had direct control over CETA programs, primarily through the governor's office. In the less populated, predominately rural areas, the governor essentially assumed the role of local elected official. These rural and small town programs covered large, sparsely populated areas in each state. Their total enrollments were larger than most of the individual urban programs. Thus, the governors could accurately argue that they were running some of the largest prime sponsors in the United States although they had no experience at running programs in the large cities.

The chief local elected official in each program appointed the Prime Sponsor Planning Council which would help prepare the Comprehensive Employment and Training Plan, describing in detail the area's economic conditions and the prime sponsor's long-term programmatic and administrative strategies for accomplishing local goals. This master plan was then submitted to the Secretary of Labor.

This direct relationship between the Secretary of Labor at the federal level and the prime sponsor at the local level was retained in the 1978 CETA Reauthorization Act under the Carter Administration. The only modification in this relationship was stronger federal control to eliminate fraud and corruption. Early CETA experience had included a number of local abuses of the program. In 1978, the governor was again largely bypassed. The governor was responsible for appointing the state Employment and Training Council, but the Council's duties were purely advisory—to review operations of programs, assess the responsiveness and adequacy of state services, identify state needs, and report these to the governor. Governors still administered programs only in certain predominately rural areas of their states.

The role of the governor in training and employment programs changed dramatically with the inception of JTPA. Under JTPA many responsibilities of the Secretary of Labor were transferred to the governor. These included the designation of service delivery areas, approval of job training plans, and monitoring of local program compliance. The authority and funding flow is no longer from the federal to local governments but predominately from the federal to state governments and then to the SDAs and dislocated worker programs, under the general criteria of the federal law.

The difficult issue concerning the degree of state and local government control had to be resolved by congressional compromise, since the House of Representatives had emphasized maintaining local authority while the Senate had allocated more authority to the states, especially governors. The compromise gave primary authority over designation of local program areas to governors. It did protect some of the autonomy of large and midsized cities and counties by giving local government jurisdictions with populations of 200,000 or more the automatic right to operate separate service delivery areas, if they chose to do so [*Congressional Quarterly*, 2 October 1982: 2427]. But governors were given extensive supervisory authority even over the urban areas.

Testimony given during the joint hearings before the Subcommittee on Employment and Productivity of the Senate Committee on Labor and Human Resources and the Subcommittee on Employment Opportunities of the House of Representatives' Committee on Education and Labor reflected the major arguments of this congressional debate. A panel of governors testified before the Subcommittees in support of an enhanced state role. Governor Pierre du Pont of Delaware, testifying on behalf of the National Governors' Association (NGA), Governor Robert D. Orr of Indiana, Governor Carlos Romero-Barcelo of the Commonwealth of Puerto Rico, and Governor Edward J. King of Massachusetts made up the panel. Governor du Pont stated that the "NGA has long held the position that the state is the most logical level of government to organize the administration of the delivery system for training services on a substate basis. NGA has also argued that federal legislation must not dictate administrative structures to the states to organize the administration of programs in a manner suited to their own unique and different organizational arrangements" [*Joint Hearings*, 1982, Part 1: 480].

A principal argument for state power was the possibility for labor market coordination, but that possibility was strictly curtailed by the decision to retain separate city- and county-level management within large labor markets. The Senate advocated a stronger state role, especially for enhanced statewide coordination and the elimination of service duplications in the same labor market area. Senator Edward Kennedy (D-Mass.) argued on the Senate floor, however, that it was a concern of the Senate "to insure that greater authority for the Governors would not mean the loss of important opportunities in many of the cities." He proclaimed "we have tried to balance both the responsibilities of the governors and also insure that the large political subdivisions, major cities and counties would be given fair consideration and not excluded from very active participation in this legislation" [*Congressional Record*, 1 July 1982: S7822-7823].

The new approach, according to the Secretary of Labor Raymond Donovan, had a labor market focus. "Many responsibilities formerly carried out by the Federal Government will devolve to the states and local labor markets," according to Donovan's testimony during the joint hearings. Donovan said that,

> instead of the Federal Government establishing uniform and rigid program guidelines for localities across the country, as is done under the current system, states will work with local labor market areas to develop programs best suited to the needs of their areas. Local government officials will be heavily involved in the decision making process, as will the private sector, through their membership on the local council. We believe there is a positive role for local officials in the training system. But we also believe that the programs must be operated as a partnership with the private sector, and the programs must not be constrained by the boundaries of single political jurisdictions in a labor market"
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> [*Joint Hearings*, 1982, Part 1: 19-20]

The law did not, however, require either local officials or governors to organize the program on a labor market area, an approach which could have required cooperation between cities and suburbs.

The most powerful argument for retaining the prime sponsor structure was that the CETA system of ten years should be improved, not abandoned. In the words of Mayor Harvey Sloan of Louisville, Kentucky, on behalf of the United States Council of Mayors:

> Since 1974 this nation has had an employment and training policy that recognizes that, while unemployment is a national problem, it occurs at the local level and is best resolved at that local level. It has been a policy that has survived through many changes but that has resulted in an employment and training system that addresses the local needs of structurally unemployed people, measures those needs against resources, and develops ways to meet those needs. . . . By the end of FY 82 the current prime sponsor system will have over 200 million man hours in the development and implementation of local targeted employment and training programs. That is . . . a vast wealth of expertise.
>
> [*Joint Hearings*, 1982, Part 1: 530-540]

The Conference of Mayors believed that local control was critical to the success of the local program and favored limiting state power. Its spokesman argued "that public funds will be administered by local elected officials to solve local problems. Local elected officials are in the best possible position to make the most effective and efficient use of all resources in the community, including education and vocational education institutions, community-based organizations, skills centers, labor organizations and private sector employers" [*Joint Hearings*, Part 1: 545].

Donald Fraser, mayor of Minneapolis, Minnesota testified on behalf of the National League of Cities. Mr. Fraser believed the impetus for the Administration's "New Federalism" was to return more responsibility and authority to the levels of government best equipped "to meet the diverse needs of all segments and sections of a country as large and varied as ours." He argued that the Administration's proposal contradicts the very aim of decentralization: "the rhetoric and rationale simply don't match" [*Joint Hearings*, Part 1: 556]. He argued that the New Federalism rationale would imply maintaining authority at the local level since local governments are closest to the people. Transferring power to the state level would simply replace federal bureaucracy with state bureaucracy. Furthermore, he claimed, state control would not promote programs targeting the most disadvantaged. He stated, "those at the very bottom of the economic scale often have the softest voices—they simply cannot be heard at the state level. Concentrated severe hardship will only be addressed at the local level" [*Joint Hearings*, Part 1: 556].

The Intent of Congress

Advocates of state authority spoke of local abuses. One of the major accusations against CETA was "substitution" in the Public Service jobs program. Particularly in the early days, some local governments would use CETA funds for paying for jobs previously paid for by local tax dollars instead of hiring additional workers. Thus, substitution improved the cities' fiscal standing at the expense of the unemployed.

Joan Willis of the National Governor's Association argued that states had the experience to operate programs effectively. Of the fifty largest prime sponsors, thirty-four were balance-of-state prime sponsors and thus, come under the jurisdiction of the governor. State-controlled programs, it was argued, could be better integrated with state economic development and other statewide planning schemes.

The resulting congressional compromise was accomplished under pressure from the differing factions. The state was given a greatly enhanced role while the local elected officials were mandated to become equal partners with the local Private Industry Council (PIC), most of whose members must be businessmen. The PICs in conjunction with the local officials were then to operate programs controlled by the states. The contradiction between organization around labor markets and local control in parts of large labor markets was left unresolved, with power over organizing local agencies divided between the governor and local officials.

PRIVATE PARTICIPATION AS A CENTRAL FEATURE IN JTPA

Increased participation by the private sector was another of the basic principles of JTPA. Policy makers had envisioned a partnership between public and private sectors in job training and employment policy for years. This intent was explicit in both the 1973 and 1978 laws. CETA of 1973 stipulates that membership of the Prime Sponsor Planning Council must include business representation. The 1978 CETA Reauthorization Act established a small new title, Title VII, the Private Sector Initiatives Program (PSIP). This program directed the prime sponsors to appoint Private Industry Councils (PICs) comprised of representatives of industry, business, organized labor, community based organizations, education agencies and institutions as well as eligible participants to work on this experimental program. It was mandated that business representatives have a majority of the membership while a public member be chosen by the prime sponsor to chair the council. The Model of this small program would become very influential in the Reagan period as part of a shift toward greater reliance on the private sector, even within public programs. JTPA provides the private sector a powerful role in policy formulation through the Private Industry Council. The PIC's jurisdiction in CETA which had been limited to activities under Title VII, now extended to the entire program.

Congressional consideration of JTPA includes significant discussion of the effectiveness of PICs under CETA. The legislative history suggests the PICs' record was perceived quite differently by certain groups, especially business and labor, who had a stake in the outcome. Representatives of business organizations, many members of Congress, and others expressed enthusiastic support for PICs during the hearings conducted jointly by the House and Senate authorizing committees. Some commented that PICs had proven themselves as effective decision makers and coordinators at the local level. Thus, they argued, their authority should be expanded. William S. Edgerly, chairman and president of State Street Bank and Trust Co. and chairman of the Boston PIC, recommended that the major structural change necessary for CETA's successor was an expansion of the PIC role [*Joint Hearings*, Part 1: 323]. Congressman Robert A. Young (D-Mo.), a member of a trade union, testified in support of enhancing the PIC role in developing employment and training programs based on his congressional district's involvement with Title VII of CETA. He remarked:

> Of all the lessons to be learned from St. Louis County's experience with the CETA programs, I think that the most important is the need to involve the private sector in Federal jobs programs.
>
> [*Joint Hearings*, Part 1: 399]

Thomas A. Hanley, director, Job Development and Training Division of the Department of Economic Development of Rhode Island remarked that Rhode Island's PIC Program had placed 96% of those people who successfully completed the training [*Joint Hearings*, Part 1: 700].

Although testimony during the joint hearings and congressional debates overwhelmingly supported increased participation by the private sector in job training, the appropriate kind of business participation was heatedly debated. The Administration proposed the largest increase in private sector involvement. Secretary of Labor Donovan testified on behalf of the Administration:

> Private sector partnership in the training system should be achieved. The partnership must be both in planning and design of the training programs and in the actual provision of training and other services. . . . Business must be involved at every stage to insure that the programs meet their specific needs.
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> [*Joint Hearings*, Part 1: 18]

Yet the hearings evinced negative reactions from some witnesses with respect to PIC involvement in the CETA process. Representatives of organized labor suggested that it would be poor public policy to further expand the program authority of the PICs. AFL-CIO representative Robert McGlotten was skeptical, noting the limited experience of PICs [*Joint Hearings*, Part 2: 5]. William Lucy, Secretary-Treasurer of the American Federation of State, County, and Municipal Employees (AFSCME), the nation's major union of state and local government workers, echoed the parent organization's complaint. He noted that a study done by Randall Ripley and Grace Franklin at Ohio State University entitled "Private Sector Involvement in Public Employment and Training Programs" was quite disillusioning regarding private sector participation in job training programs. His comments are critical:

> While increased private sector involvement is desirable, we do not believe that the business community should plan and run the whole manpower system. We do not think it is appropriate for business dominated PICs to select client populations and all the service providers. Nor do we believe they can or want to. Our views are supported by a December 1981 study on private sector involvement prepared for the National Commission for Employment Policy. The study concludes: (1) that PICs are in no shape to replace prime sponsors; (2) that the private sector has not in the past been very interested in manpower planning, especially when economic times are bad and businesses are more preoccupied with staying afloat; and (3) that the private sector has had an unimpressive record of service to the disadvantaged. In short, the private sector's primary interest—making a profit—is not consistent with planning and running a manpower program—especially one for the disadvantaged.
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> [*Joint Hearings*, Part 2: 64-65]

The Intent of Congress

During subcommittee hearings and congressional debate, objections to an unrestrained role for private businesses were avidly voiced by some members of Congress, labor organizations, and mayors. Mayor Harvey Sloane, on behalf of the United States Conference of Mayors, feared the ramifications of placing power in the hands of those not accountable to any constituency through the democratic voting process:

> We elected city and county officials know that the private sector should be actively involved in those aspects of the program that are related to labor market needs, such as the determination of training programs and the establishment of competency levels. However, planning decisions and program administration are functions which should be a public responsibility. While input should be received and considered from the private sector, community-based organizations, and other interested groups, the final decision making authority should rest with the elected officials or elected body accountable for program performance.
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> [*Joint Hearings*, Part 1: 541-542]

It was further argued that since business currently performs a majority of job training for its own needs, a private sector emphasis in employment and training for the disadvantaged may wrongfully subsidize business to perform their traditional training obligations. This has always been a sensitive issue in on-the-job training programs.

The debate continued in Congress over the private sector's effectiveness in providing job training during floor consideration of JTPA, particularly in the House. Support by House Republicans for PICs as a vital and successful component of job training programs under CETA's Title VII was often voiced. Congressman Benjamin Gilman (R-N.Y.) stated that PICs had been very effective in training and employment programs in his congressional district [*Congressional Record*, 4 August 1982: H5080]. Congresswoman Marge Roukema (R-N.J.) suggested that the role of the private sector must be expanded. Some House Democrats felt otherwise regarding the PICs' track record under CETA. They argued that PICs had simply not demonstrated effectiveness in planning and implementing job training programs. Congressman Ted Weiss (D-N.Y.) insisted in the House debate that the PIC experience had been extremely poor. He commented:

> There has been a 3-year study since the first PICs were put in place in 1978 and the results indicate the following. In the first place the PICs have been very slow in getting established and relatively few of them became very active or independent of their prime sponsors. Second, only a few business leaders in most PICs became deeply involved. Third, many PIC members and staff noted that their responsibility was to serve the employment needs of the business community. . . . Finally, the PICs tended to serve the less difficult populations, training more older people with education than other CETA programs.
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> [*Congressional Record*, 4 August 1982: H5107].

There was obviously no consensus regarding the PICs' effectiveness under Title VII of CETA in either the floor debates on JTPA in Congress or in the joint hearings out of which that legislation developed. Despite that fact, Congress provided the PIC with vastly greater authority to develop job training and employment programs in what came to be called in JTPA "the service delivery area." Congress's judgment in this issue was based, in perhaps equal parts, on pragmatism and politics.

Congress's conclusion to involve PICs more actively in employment and training programs can be viewed as a management decision. The expanded authority of PICs was seen by some members in the institution as one—if not the only—mechanism by which the private sector would take on greater responsibility for the conduct of job training programs. Congressman John Erlenborn (R-Ill.) indicated that unless the PIC has the primary authority to plan, the business community will simply see its role in JTPA as a rubber stamp of plans submitted to it by the prime sponsors [*Congressional Record*, 4 August 1982: H5119]. And since the private sector provided the majority of jobs in the economy, its greater involvement in job training was deemed a logical step by many. If the private sector was the final destination for trainees, why not put business in charge of determining the appropriate mix of job training programs to be offered at the local level? Senator Paula Hawkins (R-Fla.) argued for greater private sector involvement in the formulation of training programs under JTPA along such lines. She emphasized that the business executive is the expert in determining where future business will occur and what type of jobs and skills that business will seek in employees [*Congressional Record*, 1 July 1982: S7825].

Congress's action was also motivated partly by political and ideological considerations. The expansion of the program authority of the PICs was entirely consistent with the Reagan Administration's stated goal of reducing the role of government and turning over such authority to other agents—in this case the private sector. Greater PIC responsibility was intended to stimulate more voluntary participation in the decision-making process by businessmen, and less input from salaried government personnel. Congress, still affected by Reagan's domination of much of the legislative process during the year before, was very concerned about the expiration of the basic federal job training program and simply extended authority of the PICs under JTPA, in spite of numerous complaints in opposition.

THE DEMISE OF PUBLIC SERVICE EMPLOYMENT

The Public Service Employment Program (PSE) was an outgrowth of many earlier efforts at developing public service programs. In particular it developed out of the Emergency Employment Act of 1971, which had provided $2.2 billion for a two-year Public Employment Program (PEP) designed to decrease the unemployment of the disadvantaged and to assist the structurally unemployed. It was later incorporated into the PSE program under CETA's Title II [Ginzberg 1980: 6, 13, 60]. In the initial stages of PSE, $370 million was authorized for the program in 1974.

This program, however, was soon expanded to respond to the recession of 1974-75 by providing government employment as a "last resort" [Ginzberg 1980: 62]. Congress, with the support of the Department of Labor, reacted to the highest levels of unemployment in 12 years, by adding a new title (Title VI) to CETA and by committing funding. Title VI was initiated to meet the needs of employees who were displaced because of the recession.

Title VI was designed to directly reduce high unemployment during recessions through the PSE program. It provided more jobs in periods of high unemployment and fewer jobs in periods of low unemployment. This title represented different things to the various constituencies in Congress. The debates over the program's worth and the program problems reflected incongruent views from various factions on the issue of public service employment programs.

Congressional liberals had been pushing for a PSE program since the early 1960s and first succeeded with the small PEP program in 1971. A number of more liberal congressmen, including many minority congressmen, believed that PSE should be a permanent jobs program specifically designed to address the needs of those constituencies always experiencing severe unemployment (i.e., the handicapped, minorities, etc.). In the minds of minority Congressmen led by Augustus F. Hawkins, (D-Calif.), chairman of the Employment Opportunities Subcommittee, PSE was needed because unemployment rates for minorities were always far greater than for whites, and depression-like conditions existed in the inner cities.

The 1973 CETA law was a reflection of a compromise between the Democratic majority in Congress at that time, which wanted PSE programs, and President Nixon who opposed them but wanted other reforms. It came on the heels of the Emergency Employment Act of 1971. The moderates viewed PSE as a countercylical tool for the provision of a temporary job in times of high unemployment. The conservatives in Congress and President Nixon were vehemently opposed to the concept of public service employment because they felt its existence threatened the free market and free enterprise. They believed that the private sector should have the major responsibility for job training and placement and that federal government involvement in job training/job creation programs is inefficient.

The PSE program did not reach the hoped-for levels of employment until 1977—three years after the recession for which it was developed. Strong congressional support in the early Carter Administration produced rapid expansion, but support was fragile.

Congress and the public were alarmed and concerned over reports of costly waste, fraud, mismanagement, and corruption which emerged from CETA, predominantly in the PSE program. The General Accounting Office (GAO) for example, reported abuses and fraudulent activity [Baumer and Van Horn 1985: 133-34]. The controversy began in 1977 and continued to grow for many months. CETA was called the "$11 billion Boondoggle" as allegations of abuse, particularly in the PSE program, were cited [*Readers Digest*, August 1978: 72]. There were reports of a Chicago man being paid "$750 a month to teach inner-city youth how to slap various parts of their bodies rhythmically and become human drums; a concrete rock built for practice by rock climbers; ballerinas and artists 'on the dole'; and a daycamp with six counselors caring for four children" [*Reader's Digest*, August 1978: 72]. Further, an article in the *Civil Rights Digest* [Spring 1978] argued that those most critically disadvantaged did not benefit from the program, but that many of these PSE jobs stayed concentrated in training and jobs at the low end of the scale, perpetuating the discrimination that the original program meant to overcome.

The city of Chicago was forced to repay the Department of Labor $965,460 in 1977 for salaries of patronage hirees [*Business Week*, 3 October 1977]. Funds were used illegally to provide patronage jobs, to substitute local finances, and to serve as a "backdoor form of revenue sharing" according to Representative James M. Jeffords (R-Vt.). "This suggests that CETA had become a disguised form of Federal subsidies for local government operations" [*Congressional Quarterly*, 1 April 1978: 799].

Representative Carl Perkins (D-Ky.), chairman of the House Committee, disagreed with these allegations. "Neither of these objections outweigh the need to give a man a job in providing essential local public facilities maintenance where there is no job for him in the private sector" [*Congressional Record*, 1 October 1982: H8447]. Although most negative reports covered only a small fraction of CETA programs, these reports and criticisms of incomprehensible waste, fraud, and mismanagement stimulated bitter opposition within Congress. These scandals caused bipartisan denunciation. Although some CETA supporters saw nothing wrong with using the federal funds to keep essential local services operating in cities lacking funds, this use was strongly criticized.

The Intent of Congress

Henry Bellmon, Senator from Oklahoma (R), attacked the PSE program in 1979 during the debate on the fiscal 1980 appropriations bill [H.R. 4389]. "This program is not an effective countercyclical tool. It distributes funds to every prime sponsor in the country, no matter how low their unemployment rates." He went on to give examples of Oklahoma and Montgomery County, Maryland, where he felt the money was being wasted [*Congressional Digest*, April 1981: 110]. Senator Harrison A. Williams (D-N.J.), on the other hand felt, that Congress should honor its 1978 committment by authorizing "sufficient funds to provide one public service job under Title VI for every five persons unemployed in excess of a national unemployment rate of 4%."

It is widely known that the PSE program was the source of much of this controversy and backlash against CETA both in Congress and nationwide. The U.S. Chamber of Commerce testified against PSE during the April 9th, 1980, hearing of the Subcommittee on Employment Opportunities of the House Committee on Education and Labor. They joined many conservative congressmen, arguing that tax breaks and subsidies for the private sector would be a better application of federal monies than the large amounts of money spent on PSE.

They argued that: (1) the rapid development of the CETA program, (2) loose control of federal dollars, (3) lack of frequent program evaluation, and (4) high unemployment, gave rise to many fraudulent activities in this program. These and other abuses were partly the fault of "the Department of Labor, [which] was continuing to play a numbers game, pushing local governments to hire more people than they want and more than they need" [Baumer and Van Horn 1985: 50]. Further, little attempt was made by local governments to match the employee's needs with those of the employer to insure permanent occupational opportunity.

After the 1980 election, funds for PSE were eliminated. This reflected President Reagan's "New Federalism" and traditional conservative preferences to limit social service spending and keep government out of job creation efforts. The president proposed the elimination of the PSE program in early 1981. He told Congress that a reduction of PSE would return CETA to the original purpose of "improving the employability of low-income, structurally unemployed people by providing them with skills that are marketable in the private sector." Public service employment programs, he felt, "provided little skills training." Congress soon followed the president's recommendation.

SUPPORTIVE SERVICES

The provision of supportive services was an issue of major concern during the JTPA debate. Supportive services, which was considered one of the most difficult issues to resolve in writing the legislation, were defined as those costs without which a participant could not take part in a program. Congressional supporters of manpower reform wanted to insure that those who were eligible to participate in the program would not be deterred because they needed services such as transportation and day care.

According to Rep. Hawkins, there was extensive debate on the "need to divide equally the funding between training and supportive services." It was the general feeling in Congress that CETA emphasized income maintenance too much and training too little. Consequently, JTPA was to place an emphasis on training activities with fewer supportive services. The provision of these services would help those constituencies such as displaced homemakers who would need day care, those far away from training facilities, the handicapped, etc.

Senator Kennedy (D-Mass.), a major advocate of supportive services, continued to urge allocation of funds for nonadministrative costs, including participant allowances, wages, and supportive services. He attacked the proposed 15% limitation on funds for this area. Kennedy, along with many conferees, felt that this allotment was not adequate, particularly in areas with high unemployment.

In discussing the October 1982 conference agreement, Congressman Hawkins noted, "Local communities may waive the limitation on supportive services, wages, and allowances if they can demonstrate that they meet certain criteria, such as areas of high unemployment or service to participants in need of exceptional supportive services such as handicapped individuals or single heads of households with dependent children." The legislation specifically addressed these issues in provisions which permitted exemption in areas which experience: (1) an unemployment rate 3% higher than the national average in the service delivery area or area within which services are to be provided, (2) where the cost of necessary child care exceeds one-half of the 15% limit, (3) where the cost of providing necessary transportation exceeds one-third of the 15% limit, and (4) a substantial portion of participants are in training program of nine months or more [*Congressional Record*, 1 October 1982: H8453]. Liberals thought they had built an adequate loophole for funding support services by permitting state officials to waive the 15% limit. Experience would show otherwise.

PERFORMANCE STANDARDS

A major goal of Congress during its deliberations over JTPA was the creation of tough new performance standards for job training programs. The establishment of such standards was suggested as one of four guiding principles for any new job training measure by Senator Dan Quayle, (R-Ind.), chairman of the Senate Subcommittee on Employment and Productivity, well in advance of any congressional action on job training [*Congressional Record*, 1 July 1982: S7825]. In his introductory remarks on the Senate floor, Senator Quayle commented that the measure now under consideration by that body included a new measurement for the success of job training programs. He suggested "the new legislation will provide standards for judging the program by what is accomplished, by whether those trained are hired or earn more as a result of training" [*Congressional Record* No. 87, 1982: S7826].

There were several reasons why legislators maintained that performance standards were essential in any new law. A chronic criticism of CETA was that agencies which were more savvy regarding federal reporting requirements enjoyed undeserved success in receiving renewed funding for their programs. Thus, it was felt that renewal of funding ought not hinge on the ability of some job training program administrators to fulfill federal paperwork requirements. Senator Kennedy (D-Mass.) endorsed the performance standard provision of JTPA, noting that it simply established that performance—not grantsmanship—will be the standard for determining which programs should be continued [*Congressional Record* No. 87, 1982: S7823].

Other legislators hailed performance standards on the grounds that they would reduce the federal government's role in the determination of program compliance. Senator Paula Hawkins (R-Fla.) noted that subcommittee consideration of JTPA yielded evidence that the federal role should be relegated merely to an insistence that job training programs meet performance standards—not to dictate how such results should be accomplished [*Congressional Record* No. 87, 1982: S7825]. It should be noted that House legislators supported performance standards. In his introductory remarks on JTPA, Subcommittee Chairman Hawkins (D-Calif.) stressed that the legislation removed some rigid federal requirements to provide greater flexibility at the local level. He commented, "In place of prescriptive federal requirements dictating how funds should be spent, the new proposal holds recipients accountable for performance by establishing binding performance standards which take into account differing local economic conditions" [*Congressional Record 1982:* H5063]. Congressman Harold Hollenbeck (R-N.J.) echoed Subcommittee Chairman Hawkins' remarks [*Congressional Record:* H5079].

Congress also gave considerable thought to what the institution of performance standards in the legislation would mean for its total cost. Clearly some legislators thought that the implementation of performance-based standards meant fewer resources would be necessary to carry out JTPA at the federal and local levels. Under CETA, the responsibility of monitoring program compliance by prime sponsors in the local communities was charged to the Department of Labor. The task of checking on thousands of different programs was overwhelming. The inability of federal bureaucrats in Washington to measure compliance adequately in these programs was prominently cited by legislators throughout the JTPA debate as a major reason for cost overruns inherent in the CETA program. To be effective, any new employment and training measure should include standards for judgment of job training program accomplishments without federal involvement. Instead of assessing many aspects of a program, federal officials could rely on a single number, the placement rate. Fewer resources would therefore be required to implement JTPA. Senator Orrin Hatch (R-Utah) argued:

> Evaluation of the new system will be based on performance, not process. The key question which will be asked is not 'how has this training been delivered?,' but 'what are the results of the training? Has the training resulted in placement earnings gains, and reductions in welfare?' This change in criteria for evaluation will eliminate much of the costly Federal monitoring.
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> [*Congressional Record*, No. 87, 1982: S7823].

It seemed apparent that the coordination of certain job training services by different governmental jurisdictions would lead to lower expenditures. Many legislators believed that under CETA considerable duplication of effort had been the rule rather than the exception. A major aim was to coordinate services whenever possible. That coordination of some services would mean fewer dollars was certainly the intention of Senator Hatch, among others. He argued:

> Inherent in these concepts is the element of cooperation. By combining representatives from major service deliverers and the employment service at both the state and local levels, overlap and duplication of efforts can be eliminated and dollars will be more wisely spent.
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> [*Congressional Record*, 1 July 1982: 7824].

Performance-based standards and increased coordination were no doubt important in justifying the lower budgets provided in the measure. However, it is unlikely that these two provisions were the major reasons why Congress earmarked vastly reduced resources for JTPA. The most important cause for the lower level of funds was political.

DISLOCATED WORKERS

The issue of training for the growing numbers of dislocated industrial workers was discussed in Congress and eventually incorporated into Title III of JTPA legislation, the major new program in JTPA. One senator reflected the concern:

> We have a new phenomenon in our society today and that is the high rate of unemployment of people who have been working for an industry for a period of years, the dislocated worker, whether it be in the auto industry or the steel industry or whatever industry where there are difficult times. These individuals have lost their jobs, perhaps with as many as 10, 15, or 16 years of seniority and, in many cases, they have no real chance of going back to that place of longstanding employment. We must encourage retraining, we must encourage training, we must encourage the decision-making process to begin now and not just wait for a recall notice that may never come.
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> [*Congressional Record*, 1 July 1982: S7820]

Specifically, the Title III Dislocated Workers program mandated the development of a program for the dislocated workers who are defined as: those workers who have lost or are about to lose employment due to permanent plant closings, cutbacks and technological displacement.

Eligibility criteria for the dislocated worker program include: (1) those who have exhausted unemployment compensation; (2) those workers who are terminated; (3) those notified of pending layoff; (4) those who are unlikely to return to their previous occupation or industry; and (5) the long-term unemployed worker with limited employment potential in their field and area of residence, including older workers [*Congressional Research Service*, "Analysis of JTPA," 1984: 23].

The assistance offered for dislocated workers under Title III is varied. The following services are provided for under the program: training in job skills for which demand exceeds supply, job-search assistance, phone banks for job location, job development, relocation assistance, programs conducted in cooperation with employers or labor organizations in order to provide early intervention in the event of a particular plant closing, and support services which include financial and personal counseling and community assistance. The above services greatly expanded on those offered for the displaced workers under the Occupational Upgrading and Retraining program of CETA.

Concerns about the adequacy of JTPA's Title III were voiced by Senator Howard Metzenbaum during the July 1, 1982 Senate debates. He criticized the legislation and the Administration's commitment to employment and training programs, saying "People throughout the country are wondering what in the world this Congress and this administration think they are doing. . . . The lack of compassion shown by this administration toward the disadvantaged is real. . . . It creates a new program to deal with the plight of the dislocated workers who are being told almost daily of plant closings, business failures, and massive layoffs. It offers hope for some. But, it offers little for the thousands upon thousands of willing working people who have already exhausted their unemployment benefits" [*Congressional Record*, 1 July 182: S7820].

Congress in general, however, lauded the JTPA provisions which addressed dislocated worker issues. It provided a more comprehensive program to address the problems which workers displaced from industries were experiencing. Title III was an acknowledgement by Congress that the country needed to upgrade the level of skills possessed by a large group of industrial workers who were victims of a massive economic transformation.

REDUCTION OF FUNDS

The resources provided under the Job Training Partnership Act (JTPA) were far less than the funds provided for similar purposes under CETA. The amount Congress ultimately included in the Fiscal Year 1983 Continuing Appropriations Resolutions [House Joint Resolution 631] to carry out the goals of JTPA was $3.85 billion [*Congressinal Quarterly Almanac* 1982: 251]. Of the latter figure, $3.76 billion was earmarked for employment and training assistance; $91.5 million was provided for the Department of Labor's administrative costs. And the funding provided for CETA in Fiscal Year 1981, the year prior to the successful passage of the Administration's Budget Reconciliation package, was $7.64 billion.

The reduction of funding was substantial. It could be logically expected that the debate in Congress over JTPA would include serious debate about the reductions. There was only rather limited discussion between Republicans and Democrats, House and Senate alike, on this critical issue during the floor debate. In fact, congressional consideration of what Senator Dan Quayle (R-Ind.), chairman of the Senate Subcommittee on Employment and Productivity, called perhaps the most significant piece of domestic legislation produced by the 95th Congress is notable for virtually ignoring money issues [*Congressional Record*, 1 July 1982: S7821].

The congressional debate focused, in part, on the issue of what the measure would allow for administrative costs. The sponsors of JTPA repeatedly emphasized that administration, supportive services, transportation, and day care must be severely limited so as to assure that maximum resources could be provided for the major goal of the Act—job training of youth and disadvantaged adults. An appropriate balance of funds between administration and training was also sought because the open- ended provision in CETA for administrative services had greatly contributed to the tarnished image of federal employment and training programs. As Senator Quayle noted during Senate consideration of S2036, ". . . job training legislation must truly be a training legislation and not an income maintenance program. The current CETA system has provisions relating to mandatory allowances and public service employment for which justifications include providing income transfers as well as job training employment. The new legislation repeals these provisions" [*Congressional Record*, 1 July 1982: S7821]. JTPA advocates tended to view dollars for administration of job programs as wasted resources. They thought that it was wrong to pay people for working public service jobs or during training.

Congressional debate with respect to the portion of funds allocated in the bill for administration versus training has special significance for the issue of what was the appropriate level of resources for JTPA. Strictly limiting administrative costs many legislators saw as a major abuse under CETA could, many believed, reduce the funding necessary for this new employment and training legislation. Senator Pete Domenici (R-N.M.), a senior senator and chairman of the Senate Budget Committee, argued this point:

> The average amount spent on training during the life of the CETA program was 18 percent. When we realize that CETA began at a funding level of $2 billion in 1973 and grew to $12 billion by 1977, it becomes quite clear that the bulk—82 percent—of the funds were used primarily for income maintenance—largely through public service jobs and administration. This major reversal of philosophy—to spend the bulk of the funds on training—should lead to better employment opportunities and less dependency on the Federal Government.

The lack of substantive debate over the level of resources appropriate to carry out the goals of the new legislation is partly due to the significant political changes following the election of Ronald Reagan and a conservative Senate. These changes meant that there would be a new framework for the deliberation over new job training legislation. On entering office, the new president clearly sought to reduce the scope and cost of nearly all domestic programs; job training was no exception. His new Assistant Secretary of Labor for Employment and Training, Albert Agrisani, made no secret of his dislike for CETA. The Administration immediately pushed for CETA's expiration on September 30, 1982 [*National Journal*, 6 February 1982: 241]. PSE was ended within months. In addition, the President requested only $2.387 billion for employment and training assistance programs in the budget he submitted to Congress for Fiscal Year 1983 in January 1982 [*Congressional Record*, 1 December 1982: H8692]. With the GOP's capture of the Senate at the time of Reagan's ascendancy to power, the Reagan program had more weight on Capitol Hill.

It is important to note that, at the time JTPA was being considered, the Administration's philosophy of reducing the size of government, particularly through elimination or drastic reduction in social programs, had already been translated into action. The Administration had achieved phenomenal success only one year prior to JTPA's consideration by both houses in pushing its budget reconciliation package through Congress. The package, approved by Congress in July 1981, had approximately $35 billion in spending cuts in various federal programs for fiscal year 1982 [*Congressional Quarterly Almanac* 1981: 229]. One major component of it was the elimination of all public service employment under CETA. Cuts in the employment and training area were among the sharpest in the Reagan budget.

This achievement had the Democratic House still reeling in 1982, particularly since it had been made possible only by a significant defection of House Democrats. More importantly, the union of these disaffected southern Democrats (the Boll Weevil Faction) with Republicans in the House on budget and economic issues had serious consequences for shaping new policies like JTPA. House Democrats, who had traditionally supported funding of social programs, would be forced to be more acquiescent on such matters if they wanted to have any imprint on legislation in the future. Remarks made by then Congressman Paul Simon (D-Ill.) on the House floor indicate the despair and reduced expectations which some Democrats harbored during congressional debate on JTPA:

> Madam Chairman, I obviously favor this legislation, but let me add that it is so far from what we ought to be doing in this Nation at this time that it is pathetic. We had a dream called the Humphrey-Hawkins Act that said, 'this is where we ought to be going as a nation.' Now we treat the Humphrey-Hawkins Act as though it were a relative with a social disease; we like to pretend it does not exist. . . . Certainly I am going to vote for this bill. Certainly I am going to speak for it. It is a step forward, but it is a much smaller step than we ought to be taking.
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> [*Congressional Record*, 4 August 1982: H5073]

FUNDING

Joint hearings in March 1982 by Senate and House subcommittees showed the battle over the appropriate level of resources for JTPA. The issue of funding was hotly disputed. Members of the two subcommittees exchanged sharp words over the money needed to run JTPA efficiently. In a rather heated debate, Congressman Ted Weiss (D-N.Y.) pressed Congresswoman Marge Roukema (R-N.J.) on whether the President's new request of $1.8 billion for employment and training assistance was sufficient, especially in face of 9% unemployment [*Joint Hearings*, Part 1: 471]. In earlier recessions job programs had grown rapidly.

Governors of various states also testified about the different job training measures under congressional consideration. Though most of the governors present were Republicans, they sought to distance themselves from the funding recommended in the Administration's job training bill. Republican Governor Orr of Indiana, for example, testified that $3.9 billion, 63% more than the President's request, would be sufficient for a national job training program [*Joint Hearings*, Part 1: 487]. Governor Pierre du Pont IV of Delaware, who was representing the National Governor's Association, expressed support for more funding and urged inclusion of a program for dislocated workers [*Joint Hearings*, Part 1: 524]. (Both the Kennedy-Quayle bill and the Hawkins bill included funds for training dislocated workers for new careers. The Senate bill provided $100 million for dislocated workers and the House included $900 million for the same purpose. The Administration's job training bill provided no funding for dislocated workers.) Clearly, the governors testifying before the panel wanted more funds for the program than the President requested.

Representatives of different levels of government were joined at the hearings by individuals who represented interest groups and organizations who were involved in job training and employment issues. Many of them represented groups who had been active participants under CETA. These people, too, urged Congress to authorize adequate funding for job training. Mayor Donald Fraser of Minneapolis, testifying on behalf of the League of Cities, commented that $4 billion was the minimum amount necessary to sustain a viable employment and training program [*Joint Hearings*, Part 1: 563]. Labor also appealed for sufficient funding of JTPA. Robert McGlotten, speaking for the AFL-CIO, argued that not only was the President's request significantly less than what was currently authorized by CETA but also that the proposal was intended to reduce employment and training programs to a shell in a period of record unemployment [*Joint Hearings*, Part 2: 12]. Reverend Leon Sullivan, chairman of the Board of the Opportunities Industrialization Centers of America, also expressed his concern with the funding. Sullivan, head of the nation's leading black job training organization, questioned the priorities of a nation which showers money on expensive water projects and defense equipment yet fails to take care of pressing human needs:

> 1.5 billion dollar water projects, Army Corps of Engineers plans for such projects totaling $26 billion added to Interior Department's 69 projects—totaling 14 billion—simply illustrate the tip of the iceberg. Two battleships that cost as high as 3 billion dollars a piece, when stood up beside Congressman Hawkins' Community Partnership for Employment and Training Act's 5 billion dollar request dramatizes the issue the Congress is facing. While you will hear debates during your hearing about whether or not the Quayle-Kennedy bill's 3.8 billion or the Administration's 2.3 billion request can get past the Budget and Appropriations Committees, I want you to give serious thought to the contrast—two battleships—($6 billion) more than

> the Hawkins bill. Four battleships, more than the Hawkins-Jeffords-Quayle-Kennedy and Quayle-Hawkins combined ($12 billion).
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> [*Joint Hearings*, Part 2: 135]

The testimony in these hearings reflects the concerns of many people engaged in the debate over employment and training programs or with responsibility for administering such programs in their jurisdictions. Yet, the entire congressional debate for the most part reflects the political realities of the times. The President's position and his strong congressional support meant that significant concessions on funding measures like JTPA would have to be made. The real justification for the lower funding for new employment and training legislation in 1982 was the perception by Congress that it must be cautious with respect to domestic spending or risk serious political trouble back home.

There was lengthy debate over funding. The discussion turned on a technical issue of conflict between House committees, although politics also played a large role in the debate. At the time the House acted, the Senate had already approved their job training measure with an authorization level of $3.9 billion [*Congressional Quartely Almanac* 1982: 39]. The House bill, engineered by Chairman Augustus Hawkins (D-Calif.) of the House Committee on Education and Labor, authorized $5.4 billion. The House, however, had already approved the FY 82 Budget Resolution with only $3 billion for a job training and employment measure [*Congressional Record*, 97th Cong., 2d Sess., vol. 128 H507]. Given the ceiling in the budget resolution, the fact that other social programs would likely have to be trimmed in order to accommodate increased funding for JTPA, the Senate's lower authorization for JTPA and the Administration's request of $2.4 billion, House Republicans urged that the measure not specify a level of funds for JTPA.

As a result, Congressman Jim Jeffords of Vermont, ranking minority member on the Subcommittee on Employment Opportunities and floor manager of the bill for Republicans, sought House approval of an amendment to adjust the funding level in light of contemporary budget and political realities from $5.4 billion to "such sums as may be necessary." He argued:

> Now that we have a first concurrent budget resolution we know what the level is likely to be for the appropriation and there is no longer any way that we can maintain an argument to have for the first year, as this bill provides, an authorization figure of $5.4 billion. This level would create a false expectation that the total amount would be appropriated, an action that is highly unlikely. . . . I am sure we all would like to see more money spent in this area, but the realities of the situation are, with the huge deficit that we are facing, the programs have to be pared down to live within the constraints set forth in the first concurrent budget resolution.
>
> [*Congressional Record*, 97th Cong., 2d Sess., vol. 128, no. 105, 4 August 1982: H5091]

Congressman Hawkins accepted without argument the Jeffords amendment to his own bill. However, he held out hope to dismayed House Democrats. He argued that the very same amendment could be a mechanism for an even higher authorization level in the near future:

> We are shifting from a specific earmarking of funds, $5.4 billion, to such sums as may be necesary. . . . If I, for example, had offered this amendment in the original bill, I would have been accused of generating an entitlement program. Such sums as may be necessary, in terms of political realities today, would be a lot greater than $5.4 billion. We are conceding, however, that as time goes on, that this may not be relevant to October, November, or December, if that recovery takes place as the administration has promised. However, that may not happen and I would assume

> the political realities, or the economic realities of the end of the year, may dictate a sum of money which is much larger than that which has been proposed.
>
> [*Congressional Record*, 97th Cong., 2d Sess., vol. 128, no. 105, 4 August 1982: H5092].

FORWARD FUNDING

The need to provide states with an enhanced ability to plan their job training and employment programs was a major issue during the formulation of JTPA and affected funding procedures. So, too, was the desire to enable states to coordinate such programs with employment-related programs like education. Support was significant in state houses and the House and Senate for these important goals. One mechanism to encourage improved planning and coordination was "forward funding." The concept of forward funding is relatively simple: funds appropriated to states for one year of employment programs remain expendable in the following year. This approach has long been used for education aid.

During the Joint Hearings on Employment and Training Policy conducted by the congressional authorizing committees, forward funding for new job training and employment legislation was intensively promoted. Legislators at that time viewed forward funding as one measure which, if taken, would result in vastly improved effectiveness of employment programs and other programs at the state and local level. Congressman Jeffords asked rhetorically of a witness during one panel of the hearings,

> First of all, we would like to see forward funding in the budget program. . . . I wonder if there would be any advantage in view of the fact that you have your schools on one planning cycle, your local governments on another planning cycle, and Federal government on a nonplanning cycle, whether it would be any advantage to a 2-year plan to be improved with respect of the bill we are talking about, so that at least you could try and get everybody under the same plan. . . . I think whatever can be added to give people a capability to band together on similar fiscal years will be an improvement. . . .
>
> [*Joint Hearings*, Part 2: 327]

At this point, none of the job training measures introduced in Congress authorized forward funding although S2036, the Kennedy-Quayle bill, did liberalize the method by which states could utilize job training funds in the interest of greater coordination. Senator Domenici led this battle when he offered an amendment on the Senate floor to provide forward funding for programs authorized by JTPA but deferred its implementation until fiscal year 1984. His goal was to increase the effectiveness of JTPA by building in more rational planning and coordination with other programs but particularly in relation to state vocational education programs. Domenici argued:

> One of the most severe stumbling blocks to improved coordination and cooperation between job training programs and vocational education has been the fact that these two programs have been operated on different funding cycles. Just as soon as a vocational education school has established its budget and determined how much money is available to work with the local CETA program—this is based on past programs—the amount of money available for the jobs program is in doubt due to

> the sometimes uncertain nature of the Federal budget and the process called appropriations. Consequently, forward funding will not only improve the system, it will enable vocational educators, schools, community colleges, and other concerned institutions to work more easily and in a more coordinated fashion with the new job training program.
>
> [*Congressional Record*, 97th Cong., 2d Sess., vol. 128L S7834]

The Domenici amendment was subsequently agreed to by voice vote. In addition, the provision was retained in House Report 97-889, the conference report to accompany S2036. Of course, the Job Training Partnership Act (Public Law 97-300) contains language authorizing forward funding. Section 161(b), part D, of Title I of the Act states "Funds obligated for any program year may be expended by each recipient during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the job training plan" [Section 161(b), part B, of Title I, *Job Training Partnership Act*. Public Law 97-300: 27]. The law provided unusual financial flexibility to program managers.

Since JTPA authorizes "such sums as may be necessary" to carry out those programs, the decisions about what funds are ultimately provided was deferred to the Budget and Appropriations Committees in each chamber. However, the Job Corps Program was an exception to this practice with a specific authorization for "$618,000,000 for fiscal year 1983, and such sums as may be necessary for each succeeding year" [Section 161(b), part B, of Title I, *Job Training Partnership Act*, Public Law 97-300: 4].

Clearly the Job Corps was unique. Congress provided special treatment. The Senate Committee on Labor and Human Resources provided a percentage allocation for Job Corps in S2036 and then supplemented it with "such sums as may be necessary" so as to maintain the program at its fiscal year 1982 level [*Congressional Record*, 97th Cong., 2d Sess., vol. 128: 7824]. Senator Hatch discussed the logic which led to the committee's action: "The Job Corps concept has been proven as extremely effective in not only training our Nation's down-and-out youth, but in rehabilitating their attitudes toward life and work. This authorization, which still represents a reduction in real purchasing power due to inflation, was necessary to prevent the elimination of an estimated 10,000 Job Corps slots and the closure of several Job Corps Centers around the country" [*Congressional Record*, 97th Cong., 2d Sess., vol 128: 7824].

House legislators clearly felt similarly regarding the Job Corps. Further, the floor debate exhibits strong bipartisan support for the program which had recently shown strong benefits in a major study. Congressman Carl Perkins, (D-Ky.), chairman of the Committee on Education and Labor, expressed unequivocal support and sought to substantiate the program's efficiency and cost effectiveness. He notes:

> The Job Corps program has been universally recognized by this administration and by previous administrations as being a truly successful program. It has been demonstrated to return $1.40 for every dollar expended in its operation. This cost-benefit ratio will undoubtedly increase as the Job Corps annual cost has steadily declined. It did so by one-third between 1968 and 1978. Job Corps enrollees can expect a higher level of compensation for their services upon completion of Job Corps training than individuals who have not had this experience. . . . Job Corps enrollee placement rates have been shown to be above 90 percent.
>
> [*Congressional Record*, 97th Cong., 2d Sess., vol 128:].

House Republicans were supportive of the program as well. When Congressman Perkins subsequently offered an amendment to the pending Jeffords amendment to provide a specific authorization of $650 million for Job Corps, Congressman Jeffords enthusiastically accepted it.

The Job Corps program was obviously viewed by members of both sides as reasonably cost-effective, and because it provided a good program for the placement of difficult-to-train disadvantaged youth in jobs. This view was doubtless influenced by the positive findings of a massive 1979 evaluation of the program [U.S. Department of Labor, Office of Youth Programs, *Assessment of the Job Corps*, February 1979]. The significant level of support in Congress insured that the Job Corps would be treated differently from other job training programs in the newly authorized JTPA. This factor would be very important later when the President proposed its abolition in 1985.

EFFORTS TO PROTECT THE DISADVANTAGED

Congress had devoted a great deal of energy in the late 1970s in attempting to provide greater access to the job training system for the most disadvantaged people. To do this, a considerable part of the local discretion provided by the original CETA legislation had been taken away. The reforms had worked very much as Congress intended. Although states had shown little concern with equity issues, the 1982 law created more discretion and power at the state level. Congressional liberals attempted to protect the disadvantaged by writing a number of important provisions into the new law. The law required that the state and local program administrators set goals for service to groups including minorities, women, welfare recipients, and youth in proportion to their presence in the pool of eligible people. The law went further in the case of youth programs, requiring that the agencies spend 40% of their total basic program funds on youth. Congress attempted to assure civil rights compliance by adding to the elaborate structure of civil rights laws and regulations which already governed all federal programs. These provisions were to create important issues for program administrators.

KNOWLEDGE AND POLICY

The legislative process made little use of the two decades of research on job program impacts, aside from the importance given to the 1979 evaluation of the Job Corps. The evidence showing that long-term basic skills training produced the greatest gains had little impact on legislators. Public service employment was seen almost entirely in terms of the abuses and illegality in the early days of the program and not in terms of the evidence that the 1978 reforms had transformed the program. The fact that there had been obvious shortages of jobs in earlier training programs was considered to be the result of insufficient attention to placement not a lack of jobs, and this was addressed by demands for higher placement levels with less administrative costs.

Overall, the legislative process reflected less of a systematic learning of the lessons from past programs than a simple assertion of a more conservative worldview. That ideology put more faith in the private sector and less in the contribution of government. It assumed that there was not a need either for income during training or the support services supplied in earlier programs. In addition, it assumed that the problems in previous programs stemmed from too much federal regulation and too many subsidies. State government and local businessmen, the authors believed, could do the training more efficiently, would show genuine concern for the disadvantaged, and would find jobs for those it trained. The new law was much less a crystallization of what had been learned in the past twenty years than an experiment driven by conservative beliefs. Its implementation would provide a good test of such assumptions.

CONCLUSION

The basic structure of JTPA reflects the beliefs of the administration and some members of Congress, not well-established conclusions about job training needs. At times, conflicting points of view produced a complex compromise. It is only now, after an examination of the political process which includes its debates and compromises as well as the resulting assumptions and goals of the legislation, that JTPA can be properly evaluated.

The stated purpose of the act is "to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment." The means for the attainment of these goals were defined after much debate and compromise within Congress and with the Administration's political philosophy in mind. The resulting legislative plan included an enhanced role for both the private sector and the governor, a reduction in resources, and a strong reliance on performance standards as the basis for analysis of program performance. Newly introduced into job training policy was a distinct program for displaced workers in response to recent economic problems and a two-year forward funding cycle to enhance statewide coordination, especially between job training programs and educational institutions.

Much more was expected from much lower expenditures.

Chapter Four

The Federal Budget and Shrinking Resources for Job Training

Programs contain promises, but budgets provide resources. There are few better measures of national priorities than the analysis of trends in expenditures over time. This study shows the nature of shifts in funding for employment and training programs from the enactment of CETA in the early 1970s to the proposed budget of the Reagan administration for the 1986 fiscal year. Since few states and localities provide their own budgets for employment and training, the federal decisions determine the level of resources available to each state and each city.

Our analysis shows that there was a major growth of public resources for employment and training programs from the Nixon Administration to the early Carter Administration, a decline in the late Carter years and a much sharper drop under President Reagan. The budget trends show the impact of the elimination of one major strategy, public service employment, and a reduction of resources for those training programs which remain in operation. All of this occurred in times of growing joblessness. The result, presented in the final section of this chapter, is an extremely sharp reduction in resources per jobless worker.

With the advent of the CETA program in federal fiscal year 1975, expenditures in the area of job training began at a low level, which is largely accounted for by a "start-up" delay. 1975 marked the peak of a serious recession, but there were positive signs of recovery by the end of the year. Program expenditures at all levels of government continued to rise until they reached a peak in 1978, the first full fiscal year of the Carter Administration. The economy was fairly strong during the 1976-78 period. Appropriations for federal programs in many areas of government activity increased significantly. The severe recessions and sudden decline in manufacturing industries were yet to come.

The combined effects of inflation and domestic budgetary cuts in the late Carter years led employment training programs into what would become a large six-year decline in constant value dollar expenditures. The Reagan Administration brought more serious cuts than had been witnessed in the past. Federal spending in employment training and vocational education reached its lowest point in a decade in FY 1984, the first year of JTPA.

This analysis, which was prepared for Congress in mid-1985, relies on estimated outlay figures for the 1985 and 1986 fiscal years. The final 1985 figures are closely related to these estimates, except for increases in summer youth and dislocated workers categories. The final portion of this chapter reports on trends from 1985 to the proposed 1987 fiscal year budget submitted by President Reagan in February 1986.

At the state and local levels, recent budgets have clearly reflected cuts. For example, actual job training funding reductions have been experienced in varying degrees within states because of changes in the allocation formula. The CETA legislation had contained "hold-harmless" provisions which insured that localities would receive at least 90% of previous year's funding each successive year. The JTPA does not contain such a provision. Thus many localities have become subject to dramatic fluctuations in appropriations from year to year. Large cities with high unemployment have experienced special problems.

Our analysis of these specific trends will focus on the following major areas: (1) the overall federal budgetary commitments during CETA and the JTPA, and (2) budget trends in Illinois, a state with one of the nation's highest unemployment rates.

METHOD OF ANALYSIS

The budgetary data in this analysis has been collected from a number of sources. The federal expenditure data was provided by the Office of Management and Budget in Washington, D.C. and the computations reported here were reviewed by OMB staff members. Expenditure data for the state of Illinois was obtained at the federal level from the U.S. Department of Labor, Employment and Training Administration (DOL-ETA). Illinois expenditure data does *not* include administrative costs.

Expenditures at all levels of government are presented in federal fiscal years. The federal fiscal year (FY) now runs from 1 October through 30 September. The CETA program was enacted in 1974 but not implemented or reflected in the federal budget until FY 1975. Similarily, the JTPA became law in 1982 but is not reflected in the budget until 1984.

With the advent of the JTPA, a nine-month transition period was authorized to run from October 1, 1983 through June 30, 1984, followed by the first full operating year. The data presented for fiscal years 1985 and 1986 are estimates from the President's budget proposals.

There are several budgetary requirements that have been written into the Job Partnership Training Act. The first is that 90% of the funds must be spent to serve the economically disadvantaged. This leaves a 10% "window" through which localities can serve other populations with barriers to employment. Second, the JTPA requires that 70% percent of monies be spent on actual training. In effect, this regulation limits the percentage of funds which may be used for administration (15%) and supportive services (15%). Third, the law mandates that 40% of the expenditures be used for serving youth.

A final note should be made for the purpose of explaining the calculation of current (nominal) dollar and constant (real) dollar figures. We refer to nominal totals as the actual amount of monies spent on program activities in current value dollars in any given year. This calculation differs from real dollar totals. Real dollar calculations adjust monetary figures to account for the changing value of currency to show the real buying power of expenditures. For the analysis in this chapter, real dollar calculations were made through the use of Gross National Product (GNP) deflators as recorded in the *Business Conditions Digest*, Department of Commerce, Bureau of Economic Analysis, through the second quarter 1984. GNP deflator figures for late 1984, 1985, and 1986, which have been used in the analysis, are estimated from the U.S. Office of Management and Budget in Washington, D.C.

FEDERAL SPENDING TRENDS

The 1973 Comprehensive Employment and Training Act became a part of the federal budget in FY 1975. Federal expenditures for training and employment programs and related supportive services began with $3.4 billion (in constant dollars) during this initial year. Spending peaked in FY 1978 with expenditures totaling over $7.3 billion (in constant dollars), an increase of 115% over FY 1975.

FY 1979 marked the turning point of federal spending patterns on these programs, initiating a period of continued funding decreases. Expenditures for employment and training programs continued to decline through FY 1984, with the most severe drop in funding taking place in FY 1982 during the most serious recession since the 1930s. FY 1982 was the first full budget year of the Reagan Administration. Figure 4.1 repesents the pattern of federal expenditures in all areas of employment training, including vocational educational programs. It can be noted that in FY 1979, outlays totaled over $11.6 billion, while spending in FY 1983 was $5.9 billion and estimated expenditures in FY 1986 are projected to be less than $5.9 billion (in current dollars). In constant value dollars, expenditures dropped 69.3% between FY 1978 and FY 1984. Charts 4.1 and 4.2 document all federal expenditures in the area of employment training (FY 1975-86) in current dollars (chart 4.1), constant dollars (chart 4.2).

LEGISLATIVE AUTHORIZATION

The Job Training Partnership Act, which replaced the CETA program in FY 1983, was authorized as a permanent program but the law established no specific funding level for each activity. Instead "such sums as necessary" are authorized to be appropriated for each program, with the exception of the Job Corps which was authorized for a $618 million appropriation in FY 1983 and "such sums" thereafter.

Allocations among programs authorized under the Job Training Partnership Act are as follows: "such sums as necessary" are authorized for adult and youth training under Title IIA and for national programs under Title VI except for Job Corps, which has a separate authorization. Of the amount appropriated each year for Titles IIA and IV (except for Job Corps), 93% goes to Title IIA and 7% is reserved for national programs. Of the amount set aside for national programs, 5% is reserved for veterans. An amount equal to 3.3% of the annual Title IIA allotment is paid from the national programs' set-aside for migrant and seasonal farmworker programs. Remaining funds in the national programs' set-aside will be used for national activities administered by the Secretary of Labor, labor market information, and training programs to help federal contractors meet their affirmative action obligations. "Such sums as necessary" also are authorized for summer youth programs under Title IIB and for assistance to dislocated workers under Title III [Spar 1983: 10-11].

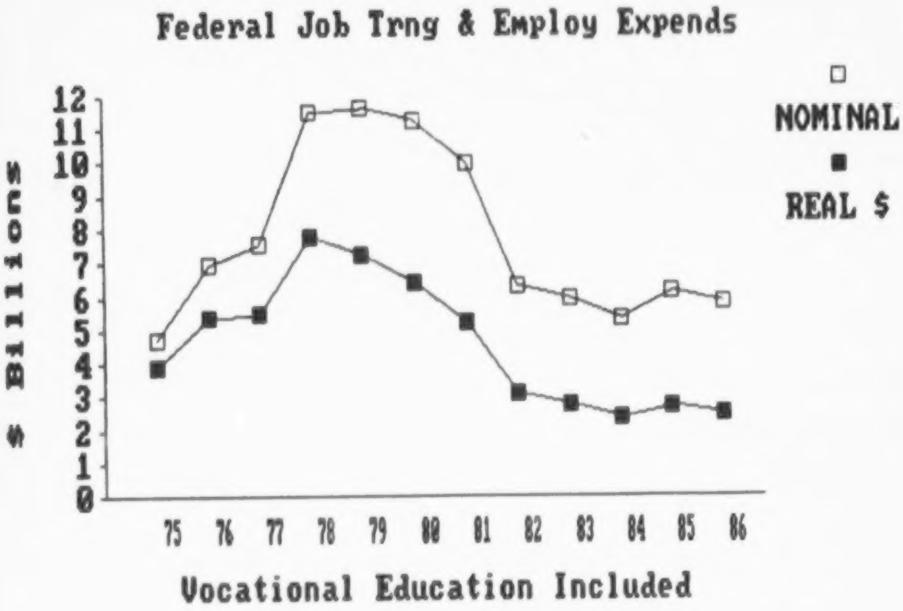


Figure 4.1

THE DISTRIBUTION OF SPENDING

CETA and JTPA expenditures have represented varying proportions of the total federal employment and training effort since FY 1975. For the purposes of this analysis, we have defined the total federal employment and training effort to include CETA (JTPA), Job Corps, Employment Services, the Work Incentive Program (WIN), programs under the Older Americans Act, and Vocational Education. In FY 1975, the CETA programs represented 65.2% of total spending in this area. The second largest expenditure item was vocational education which received 13.8% of the federal employment and training dollar that year.

As figure 4.2 illustrates, by FY 1979 the CETA programs had grown to represent over 78% of total federal employment and training spending. Vocational education expenditures had dropped to 6.7% of total outlays, followed by employment services with 6% of total funds.

Figure 4.3 demonstrates that in FY 1985, the first full program year of JTPA, spending fell and the distribution of federal spending had been altered dramatically.

JTPA represented only 50.1% of employment training expenditures in this area. It can also be noted that the Job Corps had jumped from 3.3% of spending in FY 1979 to 9.8% in FY 1985.

An increase in percentage of total funds expended for general employment training programs, however, does *not* represent an increase in actual dollar figures. Figures 4.2 and 4.3 illustrate that expenditures over this period had declined from $7.2 billion in FY 1979 to $2.8 billion in FY 1983, a drop of 61%.

PUBLIC SERVICE EMPLOYMENT AND EMPLOYMENT TRAINING SPENDING

Many critics have charged that the reductions in funding to employment training efforts can be almost completely accounted for by the elimination of the Public Service Employment Program (PSE). It is true that this program, providing direct public service jobs, was a major part of the employment and training budget. PSE programs represented an average annual expenditure of $3.1 billion (in real dollars) between 1978 and 1980.

As figure 4.4 illustrates, however, patterns of CETA/JTPA expenditures over the eleven year period (1975-86), in real dollars, document an actual decline in spending between FY 1980 and FY 1984 even when the PSE program is taken out. The funding level in FY 1984, less PSE, represents constant dollar expenditures at the lowest level in a decade and 38.4% below the peak year.

FEDERAL SPENDING BY PROGRAM

Within the CETA and JTPA programs, average annual spending patterns documented the redirection of efforts over time. During the period between FY 1975 and FY 1977, average annual expenditures (in constant dollars) show that 38.3% of monies were spent on general employment training programs, 46.5% on public service employment, and 10.5% on youth training. The first term of the Reagan Administration and the implementation of the PSE phase-out, brought a redistribution of spending at the federal level. Between FY 1981 and FY 1983, general employment training expenditures represented 47% of total CETA/JTPA spending, while youth programs and public service employment accounted for 27% and 19% respectively. The federal data on youth program spending used in this analysis, however, does not include youth expenditures under JTPA's Title IIA. General employment training spending is shown in figure 4.5.

Although general employment training increased from 38.3% of the whole between FY 1975-FY 1977 to 61.2% (projected) between FY 1984 and FY 1986, average annualized expenditures (in constant dollars) declined from $1.3 billion to $0.8 billion.

Similarly, spending in youth programs has been consistently increasing over the last ten years as a percentage of the whole, from only 10.5% of CETA spending during the FY 1984-86. However, in constant dollar figures, average annualized expenditures have declined from $973 million (FY 1978-80) to less than $330 million (projected FY

Chart 4.1

Federal Expenditures in Employment and Training (in current dollars)
1975 - 1980

$ millions	1975	1976	1977	1978	1979	1980
General Employment and Training (1)	1,598	1,817	1,756	1,992	1,806	2,317
Youth Programs (2)	383	475	575	1,195	1,668	1,860
Job Corps	170	181	202	280	380	470
Dislocated Workers (3)	0	0	0	0	0	0
Public Service Employment (4)	1,094	2,447	2,836	5,764	5,041	3,696
Older Americans	0	46	72	134	208	235
Work Incentive	314	307	361	364	385	395
F-S Employment Service	482	537	627	653	701	756
Vocational Education	653	747	693	693	772	863
Other (5)	22	394	449	402	644	616
Total	4,716	6,951	7,571	11,477	11,605	11,208

1. General Employment and Training includes: CETA Titles I,II-BC,VII, and JTPA Block Grants.

2. Youth Programs include: Summer Youth Employment and CETA Titles IV and VIII.

3. Dislocated Workers includes: JTPA Title III and Trade Adj. Assistance.

4. Public Service Employment includes: Emergency Employment Assistance and CETA Titles II-D, VI.

5. Other includes: Job Opport. Prog., CETA, JTPA and other.

Chart 4.1 (continued)

Federal Expenditures in Employment and Training (in current dollars)
1981 - 1986

$ millions	1981	1982	1983	1984	1985	1986
General Employment and Training (1)	2,495	2,025	2,186	1,545	1,895	1,886
Youth Programs (2)	1,828	1,097	855	688	775	775
Job Corps	540	570	563	581	600	548
Dislocated Workers (3)	8	10	26	172	184	170
Public Service Employment (4)	2,387	109	45	0	0	0
Older Americans	263	269	274	321	319	326
Work Incentive	381	235	289	265	267	60
F-S Employment Service	804	731	763	778	986	930
Vocational Education	728	818	633	652	814	858
Other (5)	535	418	294	294	274	237
Total	9,969	6,282	5,928	5,296	6,113	5,790

1. General Employment and Training includes: CETA Titles I,II-BC,VII, and JTPA Block Grants.
2. Youth Programs include: Summer Youth Employment and CETA Titles IV and VIII.
3. Dislocated Workers includes: JTPA Title III and Trade Adj. Assistance.
4. Public Service Employment includes: Emergency Employment Assistance and CETA Titles II-D, VI.
5. Other includes: Job Opport. Prog., CETA, JTPA and other.

Chart 4.2

Federal Expenditures in Employment and Training (in constant dollars)
1975 - 1980

$ millions	1975	1976	1977	1978	1979	1980
General Employment and Training (1)	1,322.0	1,397.8	1,272.8	1,352.2	1,127.1	1,330.3
Youth Programs (2)	316.8	365.4	416.8	811.2	1,040.9	1,067.9
Job Corps	140.6	139.2	146.4	190.1	237.1	269.9
Dislocated Workers (3)	0	0	0	0	0	0
Public Service Employment (4)	905.0	1,882.5	2,055.7	3,912.6	3,145.9	2,122.1
Older Americans	0	35.4	52.2	91.0	129.8	134.9
Work Incentive	259.8	236.2	261.7	247.1	240.3	226.8
F-S Employment Service	398.7	413.1	454.5	443.3	437.5	434.1
Vocational Education	540.2	574.7	502.3	470.4	481.8	495.5
Other (5)	18.2	303.1	325.5	272.9	401.9	353.7
Total	3,901.4	5,347.3	5,487.8	7,790.5	7,242.3	6,435.1

1. General Employment and Training includes: CETA Titles I,II-BC,VII, and JTPA Block Grants.

2. Youth Programs include: Summer Youth Employment and CETA Titles IV and VIII.

3. Dislocated Workers include: JTPA Title III and Trade Adj. Assistance.

4. Public Service Employment includes: Emergency Employment Assistance and CETA Titles II-D, VI.

5. Other includes: Job Opport. Prog., CETA, JTPA and other.

Chart 4.2 (continued)

Federal Expenditures in Employment and Training (in constant dollars)
1981 - 1986

$ millions	1981	1982	1983	1984	1985	1986
General Employment and Training (1)	1,303.1	986.6	1,024.8	698.1	816.7	776.5
Youth Programs (2)	954.7	534.5	400.8	310.9	334.2	319.1
Job Corps	282.0	277.7	263.9	262.5	258.7	225.6
Dislocated Workers (3)	4.2	4.9	12.2	77.7	79.3	70.0
Public Service Employment (4)	1,246.7	53.1	21.1	0	0	0
Older Americans	137.4	131.1	128.4	145.1	137.6	134.2
Work Incentive	199.0	114.5	135.5	119.7	115.1	24.7
F-S Employment Service	419.9	356.2	357.7	351.6	425.2	382.9
Vocational Education	380.2	398.6	296.7	294.6	351.0	353.2
Other (5)	279.4	203.7	137.8	132.9	118.2	97.6
Total	5,206.6	3,060.8	2,778.9	2,393.1	2,636.1	2,383.7

1. General Employment and Training includes: CETA Titles I,II-BC,VII, and JTPA Block Grants.

2. Youth Programs include: Summer Youth Employment and CETA Titles IV and VIII.

3. Dislocated Workers include: JTPA Title III and Trade Adj. Assistance.

4. Public Service Employment includes: Emergency Employment Assistance and CETA Titles II-D, VI.

5. Other includes: Job Opport. Prog., CETA, JTPA and other.

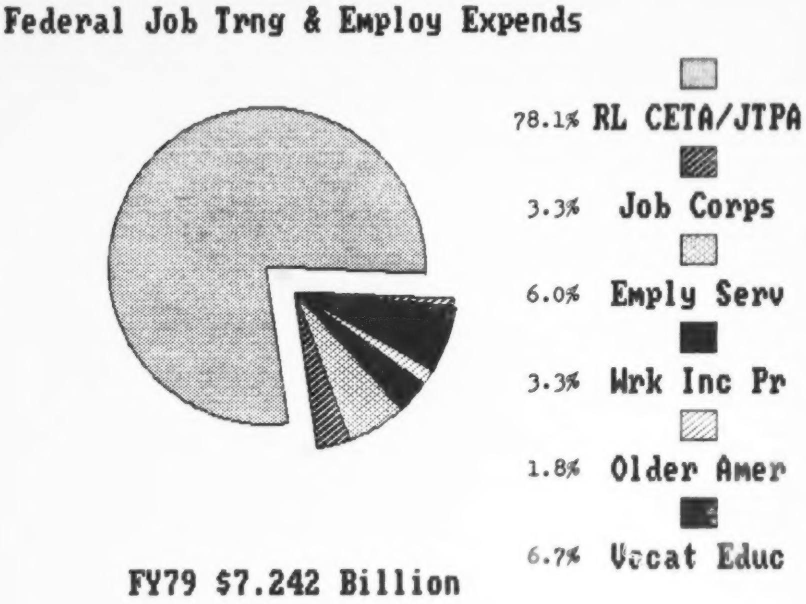


Figure 4.2

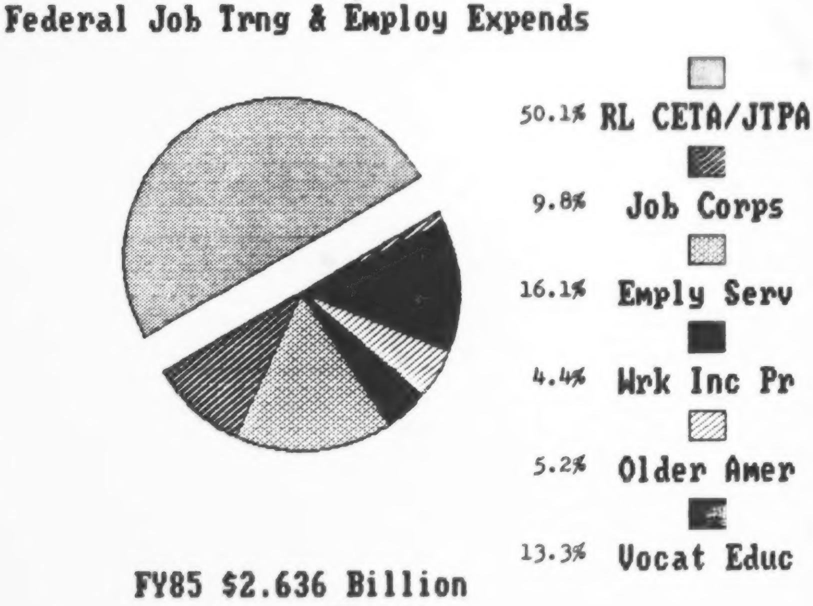


Figure 4.3

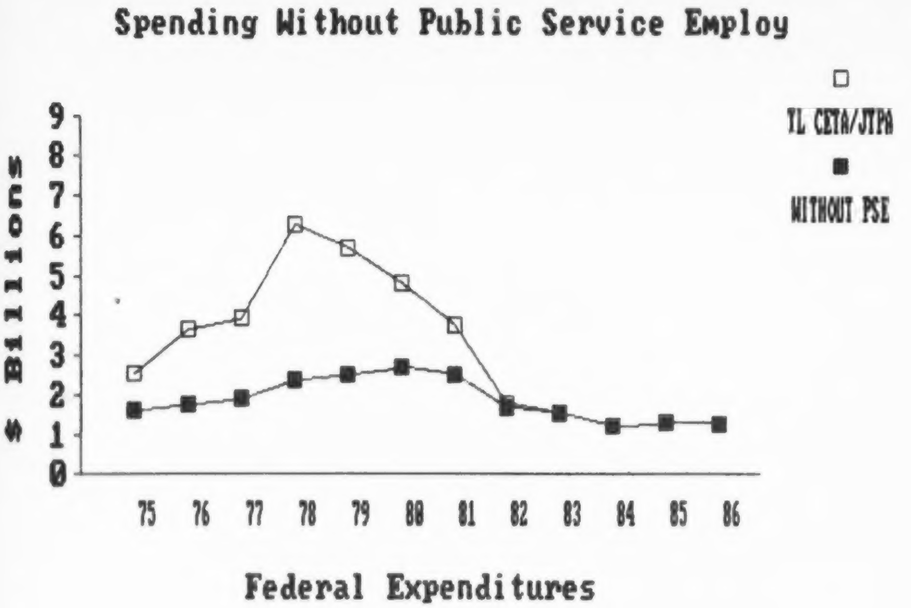


Figure 4.4

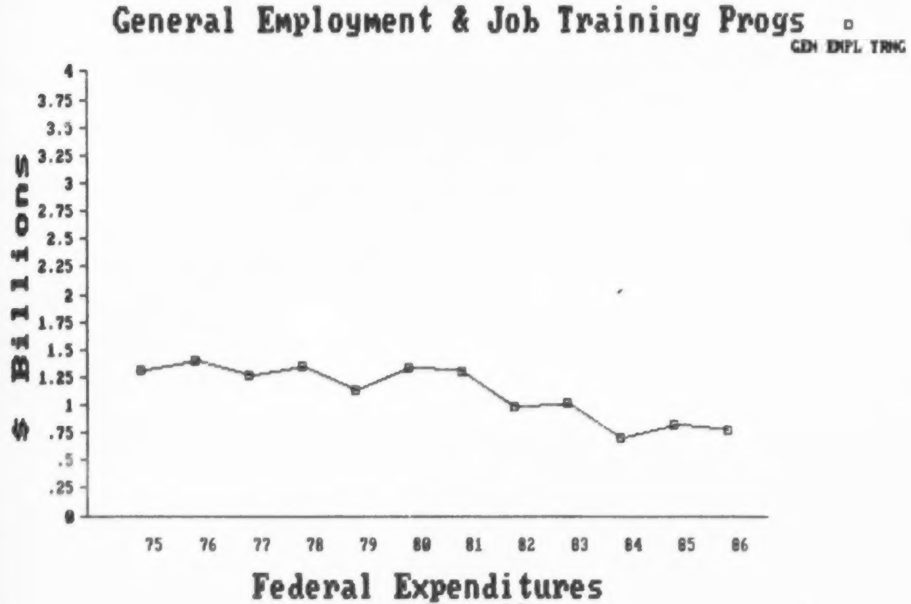


Figure 4.5

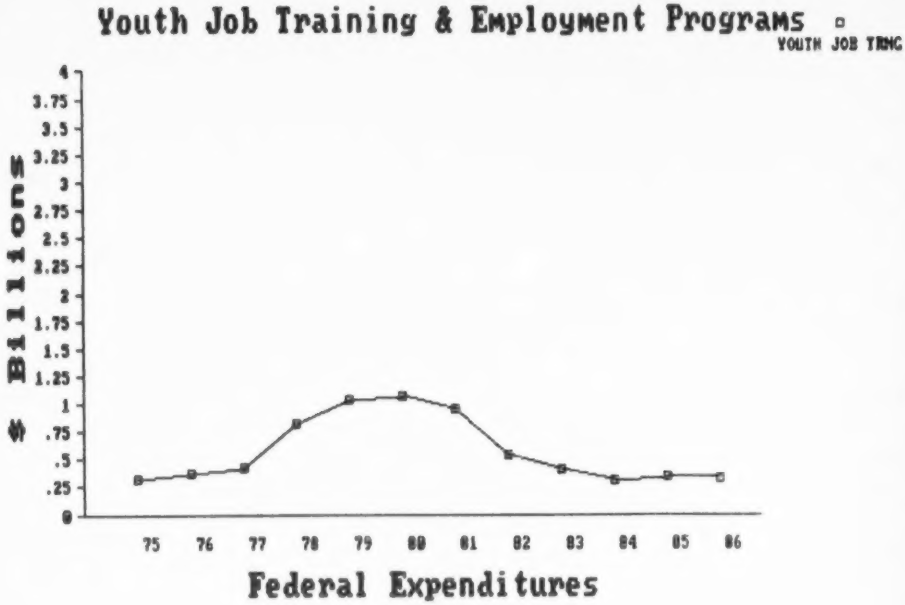


Figure 4.6

1984-86). The projected spending level of FY 1984-86 is, in fact, less than youth spending a decade earlier. Figure 4.6 illustrates federal youth program spending trends.

During the initial years of the CETA program, joblessness among youth accounted for roughly half of the nation's unemployment of those under age 25. Youth programs expanded throughout the 1970s. Expenditures for these programs had grown to over $1.3 billion (in constant dollars).

Programs authorized outside of CETA focused much attention on disadvantaged youth. Spending on youth programs thus continued to rise, peaking in FY 1980 at $1.1 billion (in constant dollars). In its final budget the Carter Administration called for a major expansion.

Programs authorized outside of CETA and JTPA have also witnessed dramatic changes in funding levels. For example, the Work Incentive Program (WIN), targeted at individuals collecting AFDC payments, accounted for $252.5 million (in constant dollars) in average annual expenditures between the fiscal years of 1975 and 1977. Through the period of fiscal years 1981 to 1983, this figure had declined by 40.7% to $149.7 million. Projected levels of WIN spending for 1984-86 illustrate an additional decrease of 41.5% to $87.6 million (in constant 1972 dollars). President Reagan has requested no funding for this program in the FY 1986 budget in spite of a national movement for "workfare" requirements.

The Federal Budget and Shrinking Resources

In its proposed 1987 budget, the Reagan administration is calling for recissions in the FY 1986 appropriations for Summer Youth Employment and Job Corps. The proposed recissions in Job Corps would reduce the program's capacity from 40,500 to 22,00 slots between May 1986 and January 1987. Job Corps would be cut still more for 1987; so that if enacted the 1987 appropriations would only be 57% of the amount expended in 1985. Appropriations for Summer Youth Employment in 1987 would be slightly less than half the amount expended in 1985.

The table below shows the potential impact on job training programs of the 1986/1987 budget cuts that have been proposed by the Reagan administration. Hardest hit will be the programs targeted towards youth. Not only do these programs serve poor youth who have the highest unemploymnet rates in the country, they are also serving a group of people for whom job training has been shown to be particularly effective. The President is proposing to restore money for dislocated workers into the 1986 budget and provide a further increase for the program in 1987. This is the program we have found to be the least targeted towards those sectors of the unemployed who have the most difficult time finding employment. Of all the current job training programs, it serves the largest proportion of educated white males.

Budget Trends, 1986-1987

Program	1982	1983	1984	1985	1986*	1987*
			current dollars			
Employment and Training	2,025	2,186	1,545	1,710	1,883	1,805
Summer Youth	679	750	688	766	775	496
Dislocated Worker	0	0	135	158	177	209
Job Corps	570	563	581	593	614	398
			constant 1982 dollars			
Employment and Training	2,025	2,102	1,431	1,527	1,623	1,504
Summer Youth	679	721	637	693	668	413
Dislocated Worker	0	0	125	141	153	175
Job Corps	570	541	538	529	529	332

* 1986 and 1987 figures are estimated based on President Reagan's proposed budget.

Note: All numbers in millions.

Source: Dept. of Labor News: 2/5/86.

The President's budget also proposes several funding recissions from the 1986 fiscal year in light of the large sums of money not yet spent. JTPA programs tend to spend more money gradually in part because of performance standards which pay only on completion of training or placement. $100 million was proposed for recission in the Summer Youth Employment and Training Program, and $119.5 million in the Dislocated Workers Program. Postrecession funding levels will likely be used as a basis for future appropriations' decisions. Each state's allocation goes to the governor, who allocates 78% of it among service delivery areas within the state, according to the same three factors used to determine the state's share. The remaining 22% of each state's allotment is divided as follows: 8% for state education coordination grants; 3% for programs for older workers; 6% for incentive awards to service delivery areas exceeding performance standards (unused portions of this set-aside will be used for technical assistance); and 5% for governors to use for auditing, administration, coordination, and special services, activities, and expenses of the State Job Coordinating Council [Spar 1983: 18].

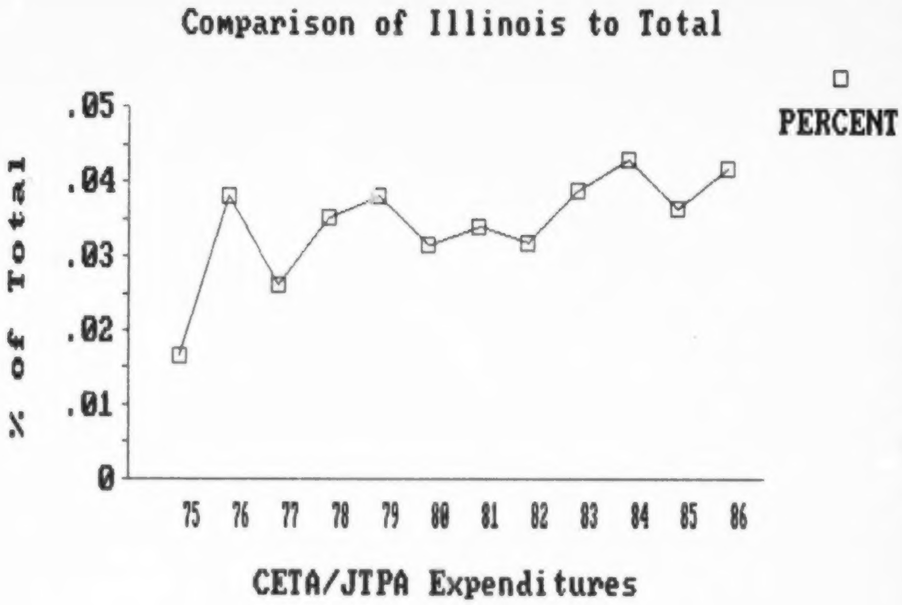


Figure 4.7

There has been a substantial overall decline in the amount of federal money granted to Illinois for employment training programs. However, the State of Illinois has consistently been receiving a higher percentage of total federal funds between FY 1975 and FY 1986. Figure 4.7 illustrates this trend. In FY 1975, Illinois received roughly 2% of the total federal employment training dollar. By FY 1984, this figure had increased to approximately 4%. The trend doubtless reflects the state's position in recent years near the top of the list of states with the highest jobless rates.

EMPLOYMENT TRAINING EXPENDITURES IN THE STATE OF ILLINOIS

Illinois is among the states most severely hit by unemployment. Since 1980 its unemployment rate has consistently been above the national average. Hardest hit have been workers in the manufacturing sector where the number of jobs decreased by 33% between 1969 and 1983.

Employment training efforts in the State of Illinois involve many agencies and encompass various program elements. Currently, there are ten different departments and

Chart 4.3

Illinois Expenditures for CETA-JTPA Programs
in Nominal and Constant Dollars
1975 - 1980

$ millions	1975	1976	1977	1978	1979	1980
Total General Employment Training	40.531	110.063	82.181	98.929	63.499	72.120
Total PSE	8.361	70.326	32.325	176.913	212.693	128.835
JTPA Title III	0	0	0	0	0	0
Total Youth Employment	0	0	24.200	44.301	61.296	59.897
Other CETA/JTPA	0	0	.324	.603	3.277	3.140
Other Govt. Grants	2.104	0	2.943	3.669	3.178	.067
Total CETA Expenditures	50.996	180.389	141.973	324.415	343.943	264.059
			Constant 1972 Dollars			
Total General Employment Training	33.530	84.670	59.569	67.152	39.627	41.408
Total PSE	6.917	54.101	23.431	120.088	132.734	73.971
JTPA Title III	0	0	0	0	0	0
Total Youth Employment	0	0	17.541	30.071	38.253	34.396
Other CETA/JTPA	0	0	.235	.409	2.045	1.803
Other Govt. Grants	1.741	0	2.133	2.490	1.983	.036
Total CETA Expenditures	42.187	138.771	102.909	220.211	214.642	151.610

1. Three quarters. 2. Estimated. 3. Projected.

Chart 4.3 (continued)

Illinois Expenditures for CETA-JTPA Programs
in Nominal and Constant Dollars
1981 - 1986

$millions	1981	1982	1983	1984(1)	1985(2)	1986(3)
Total General Employment Training	86.318	75.785	89.705	66.977	89.210	87.968
Total PSE	94.922	0	0	0	0	0
JTPA Title III	0	0	0	5.323	12.930	6.746
Total Youth Employment	60.814	37.943	39.210	41.039	8.756	30.786
Other CETA/JTPA	0	0	0	0	0	0
Other Govt. Grants	0	0	0	0	0	0
Total CETA Expenditures	242.054	113.728	128.915	113.338	110.896	125.500
Constant 1972 Dollars						
Total General Employment Training	45.082	36.925	42.052	30.265	38.465	36.216
Total PSE	49.575	0	0	0	0	0
JTPA Title III	0	0	0	2.405	5.576	2.777
Total Youth Employment	31.762	18.487	18.381	18.544	3.776	12.674
Other CETA/JTPA	0	0	0	0	0	0
Other Govt. Grants	0	0	0	0	0	0
Total CETA Expenditures	126.419	55.412	60.433	51.215	47.821	51.667

1. Three quarters. 2. Estimated. 3. Projected.

boards which administer job training programs. A list of major agencies that offer employment development services to broad segments of the Illinois population includes the Department of Commerce and Community Affairs (DCCA), the Department of Employment Security, the Department of Public Aid, the State Board of Education, and the Community College Board.

The state's role in CETA and JTPA programs has been administered through DCCA since 1980. These programs represent a major portion of the federal commitment to job training in Illinois. The federal expenditure trends are generally reflected in state spending patterns as well. Chart 4.3 documents Illinois expenditures in current and constant dollars between FY 1975 and FY 1986.

Federal allocations under Titles IIA and IIb (training for disadvantaged adults and youth, and the summer youth employment program) are granted to states on the basis of a three-part formula, with equal weight given to the following factors: relative number of unemployed people living in areas with joblessness rates of at least 6.5% for the previous twelve months; relative number of unemployed individuals in excess of 4.5% of the state's civilian labor force; and the relative number of economically disadvantaged individuals. JTPA contains a "hold-harmless" provision which requires that each *state* is guaranteed at least 90% of its allotment percentage for the previous fiscal year. The states, however, are not required to guarantee such sums to individual localities.

Although its percentage of federal funds grew, the total amount of money that Illinois has received annually for employment training activities has actually decreased sharply since FY 1979. During the peak year (FY 1979) of the CETA program, Illinois documented spending levels of over $215 million (in constant dollars). This figure had declined to $60 million (constant dollars) during the final year of CETA.

The JTPA program brought Illinois a slight decrease in funding for transition year 1984. Spending on the new program for this nine-month period dropped to $113.3 million (in current dollars). When one adjusts these figures for inflation and makes real dollar comparisons, the slight decrease between FY 1983 and the 1984 transition year represents a 15.2% reduction in spending levels. *Real* dollar expenditures in FY 1983 totalled $60.4 million, while in the 1984 transition year, this total was $51.2 million. The transition year, however, consisted of only nine months. Estimated spending levels during the first program year (FY 1985), illustrate a slight current and constant dollar increase from the transition. Figure 4.8 shows these expenditure trends in both real and current dollar totals.

Average annnual expenditure trends (in constant 1972 dollars) show three distinct periods. Between fiscal years 1975 and 1977, total CETA spending averaged approximately $94.6 million. Between fiscal years 1978 and 1980, this figure had risen to $195.5 million. Between 1984 and 1986, average annual expenditures have been projected at $50.2 million—a reduction of 74.3% from the previous three years. The only individual program area that has not had reduced resources over the last six years is that for dislocated workers, a small new JTPA program not included under CETA. A substantial cut was proposed, however, for FY 1986.

ILLINOIS EMPLOYMENT AND TRAINING SPENDING BY PROGRAM

The magnitude of funding changes between CETA and JTPA is most significant within individual program areas. For example, expenditures on general employment

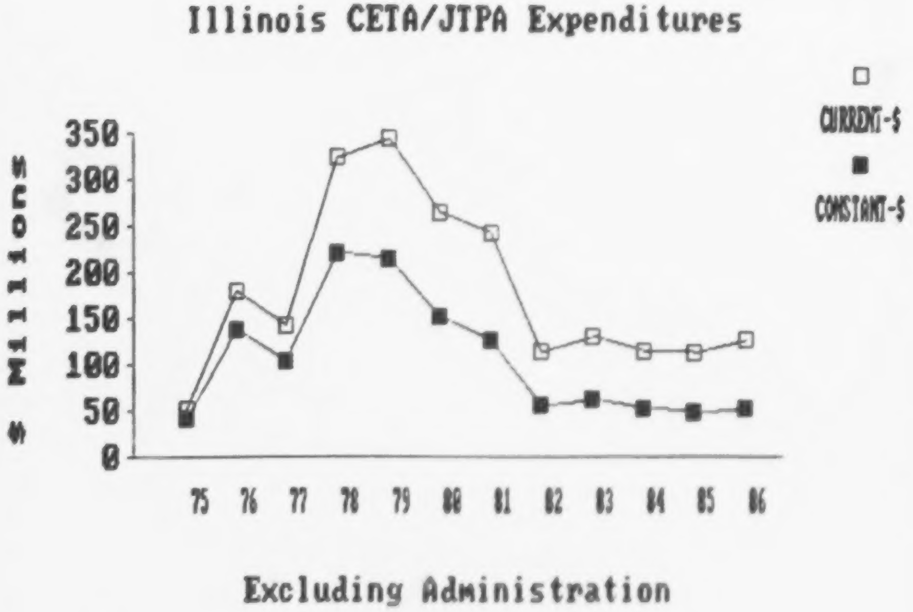


Figure 4.8

training programs in Illinois have varied between $49.4 million in average annual constant dollar expenditures (FY 1978-80) to $35.0 million (FY 1984-86). General employment training includes the major program areas of CETA (Titles I and II) and of JTPA (Title IIAB, Title III and JTPA block grants). Figure 4.9 illustrates the spending trends of general employment training activities.

While general employment training activities have seriously declined, these programs have accounted for a growing percentage of total Illinois spending on employment and training activities. Between fiscal years 1978 and 1980, when public service employment program spending accounted for 55.4% of total expenditures, general employment training programs accounted for only 25.3%. Following the elimination of the public service employment program, general employment training expenditures rose to 69.6% of the total employment and training dollars (projected 1984-86).

The pattern of spending on public service employment in Illinois typifies the levels of federal expenditures discussed earlier. Figure 4.10 illustrates these expenditure levels between FY 1975 and FY 1986. Average annualized expenditures during the "peak" CETA years (FY 1978-80) reached $108.9 million, declining to $16.5 million between fiscal years 1981 and 1983 and to zero since the implementation of JTPA.

Between FY 1976 and FY 1978, real public service employment expenditures increased by 122.0%. Public service programs were in decline, however, prior to the

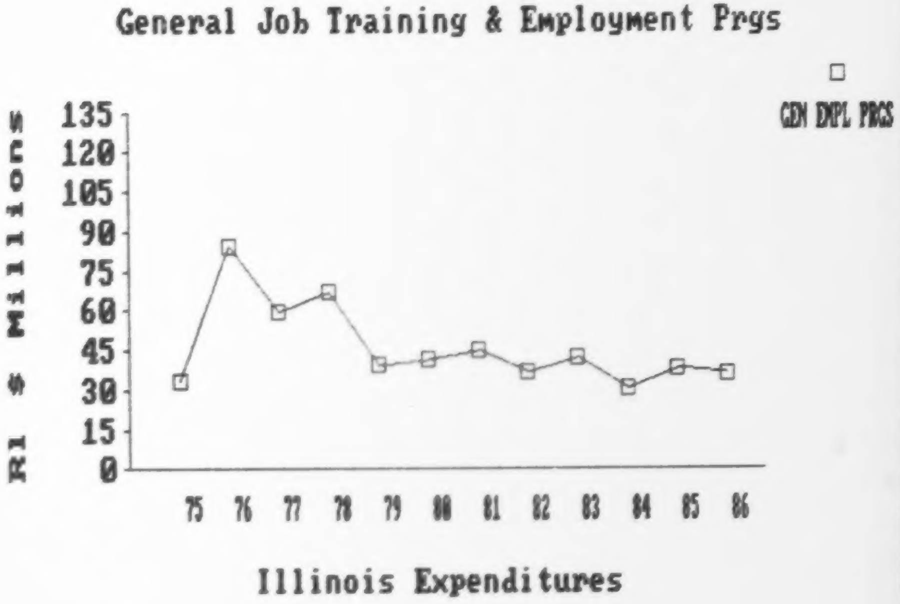


Figure 4.9

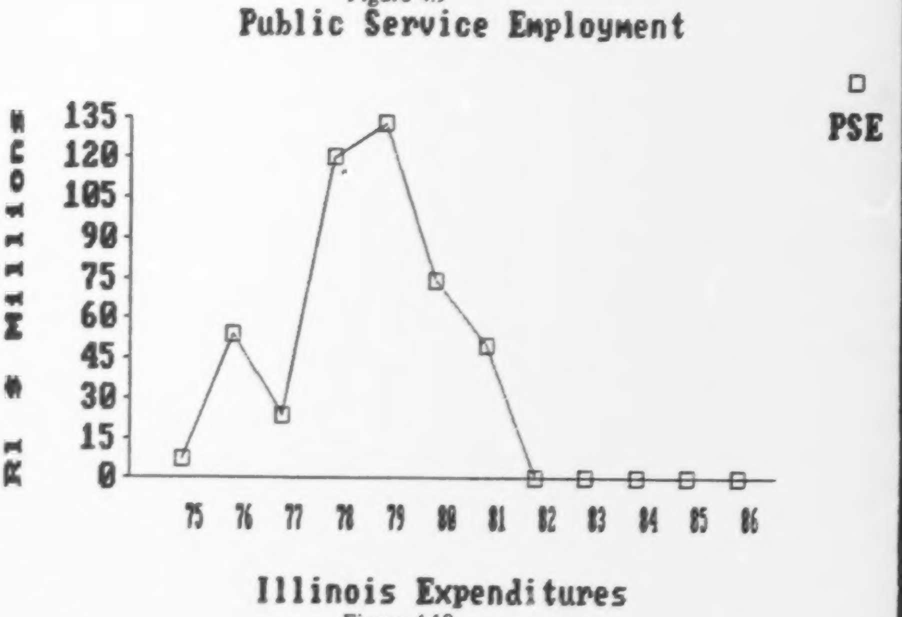


Figure 4.10

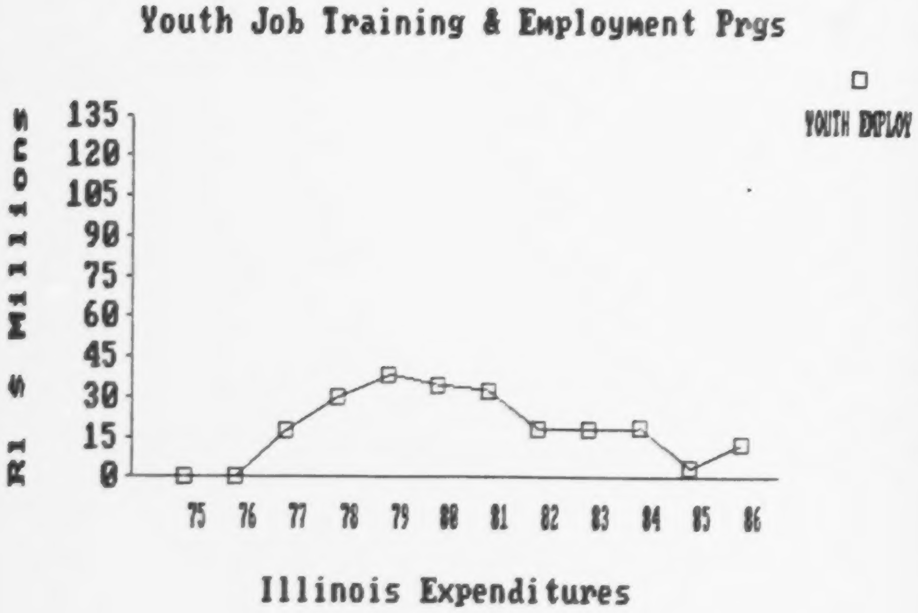


Figure 4.11

advent of JTPA. Spending decreased by 62.7% between FY 1979 and FY 1981. After mid-1981, the program vanished.

Overall, youth programs in Illinois have witnessed some of the most dramatic fluctuations in spending levels of any employment and training programs. Real spending on youth programs reached a peak in FY 1979 with expenditures totalling nearly $38.3 million. In FY 1983, this figure had declined to $18.4 million, a drop of 52%. Figure 4.11 illustrates total spending on youth programs in Illinois. It should be noted, however, that JTPA's Title IIA (included under general employment training) contains youth spending which is not reflected in figure 4.11.

One major youth program in Illinois, the Summer Program for Economically Disadvantaged Youth (SPEDY), experienced a modest 13% decline in expenditures in real spending from FY 1978 to FY 1983. During the peak youth employment program funding years, SPEDY accounted for 56.6% of total youth employment spending.

The Youth Employment Program (YETP), which was operated yearround, accounted for another significant portion of youth spending in Illinois between FY 1978 and FY 1980. Approximately 37.1% of the total youth program dollar had been spent on that program. In FY 1978, nominal dollar spending on YETP reached $10.9 million. In FY 1980, expenditures grew to $24.6 million. By FY 1983, that figure had been reduced to $216,000. YETP experienced a real increase in expenditures of 90.2% between FY 1978 and FY 1980, compared to a real spending decline between FY 1980 and FY 1983 of 99.3%. YETP was discontinued following the advent of JTPA.

SUMMARY OF ILLINOIS EMPLOYMENT AND TRAINING EXPENDITURES

State spending on employment and training programs reflected the drastically reduced resources allocated by the federal government. Expenditures had risen to $324 million in FY 1978 (in current dollars). By FY 1984, total spending had been reduced to $113.3 million.

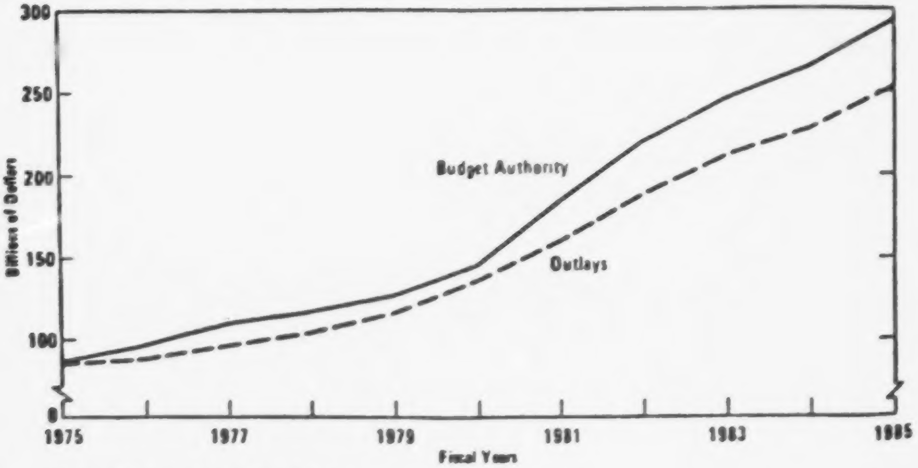
Reductions in funding have shown an impact on virtually all employment and training program areas. General employment programs in Illinois were cut by 42.7% (in constant dollars) between FY 1978 and FY 1985, while youth and public service employment programs lost 87.4% and 100% respectively.

Funding reductions were continued in FY 1986. The Dislocated Workers Program was cut by 46% for FY 86 although Reagan's proposed budget would reinstate those cuts. The President's budget proposed significant cuts in both Summer Youth Employment and aid to dislocated workers, and large reductions were enacted.

Job training programs would have declined much more sharply in the 1980s had President Reagan's yearly budget proposals been enacted by Congress. President Reagan was very successful in his initial requests to Congress for reductions in the year, FY 1981 already underway when he became President, and the following year. Congress exceeded the President's request for reductions in budget authority in both years, cutting budget authority, compared to the last Carter budget by 6% the first year and by 37% in the first full Reagan budget. For Fiscal Year 1982, however, Congress authorized expenditures 39% above the President's budget. The following year, FY 1983, Congress approved budget authority 68% above the President's proposal and spending 77% above the proposed level. In the Fiscal 1984 budget, the Administration succeeded in obtaining a 15% cut in outlays, a cut that was slightly deeper than recommended, but Congress provided a 52% increase in budget authority for job programs. As the pressure of deficits built in Congress, the Administration had greater success, with both outlays and budget authority only 6-7% above the President's recommendations (U.S. House Comm. on the Budget, 1984:186). Had Congress accepted the President's approach to job training funding each year, there is little doubt that the program today would be less than half its present size.

RESOURCES AND NEEDS: NATIONAL TRENDS

The decline of resources in employment and training programs coincided with a sharp rise of unemployed workers during the two recessions of 1980-83. The annual average number of unemployed workers, which provides a rough estimate of need, rose from 6.2 million in 1978 to 7.6 million in 1980 and reached a peak of 10.7 million in 1983 [*Employment and Earnings*].



National Defense Budget Authority and Outlays, Fiscal Years 1975-1985

SOURCE: Congressional Budget Office

Figure 4.12

During this five-year period, this total rose by 72%. The number dropped to 8.5 million in 1984 during a rapid economic recovery. The 1984 number, however, was still 37% above the number of unemployed in 1978, the year that employment and training expenditures peaked. Some states and regions experienced even more drastic increases in joblessness and less economic growth during the recovery.

To understand the actual impact of budget changes on the ability to provide employment and training opportunities it is necessary to consider the real resources available per unemployed person. In 1978, there were total resources of $7.8 billion (in constant dollars), but this figure dropped to $2.8 billion in 1983 and to $2.6 billion in 1984. Total resources declined by 64% between 1978 and 1983. In 1978 the federal budget provided almost $1260 per unemployed person for employment and training. By 1983, this amount had fallen to $262. The decline in resources per person was approximately 79%. In parts of the nation where the economic conditions were worse, the reduction was more drastic.

While the federal deficit has emerged as a key problem area for policy makers in the 1980s, not all program activities have witnessed funding reductions over the last decade. Outlays for national defense, for example, have increased from less than $100 billion (in nominal dollars) in FY 1975, to nearly $250 billion in FY 1985 [CBO, February 1985: 20, 40]. Between FY 1980 and FY 1986, average annual defense spending increased an average of 2.9% over this same period, while employment and training programs, a component of nondefense discretionary spending, witnessed an average decline of 8.7%. Figure 4.12 illustrates total budget authority and total outlays for national defense between FY 1975 and FY 1985.

There is far more, of course, to any program than the number of dollars allocated to the responsible agencies. Programs can vary widely in efficiency and effectiveness. Budgets are, however, important statements of national priorities. The very sharp reduction in real resources for employment and training, much of it in the midst of serious recessions, shows that these needs have been accorded far less priority than in the 1970s. Agencies attempting to help retool workers without jobs must try to serve many more jobless people with fewer dollars. This reality is central to understanding the entire system of job training in the 1980s.

Chapter Five

Rising Unemployment and Reductions in Job Training in Illinois Communities

Cuts in federal job training funds have produced a dramatic decline in resources available to Illinois communities. This is reflected in the expenditures for Chicago, the suburbs, and selected downstate cities we have studied. These declines have occurred at a time when unemployment has increased throughout the state. Downstate industrial cities, with the state's highest jobless rates, have been hit particularly hard by these changes while the state's wealthiest county, Du Page, has experienced the least severe cuts. The city of Chicago has received less than its proportionate share of state Summer Youth funds. A formula for distributing funds that tends to diminish the degree to which money is concentrated where poor people live is part of the problem. Overall, drastic federal budget cuts meant that all parts of Illinois are far less able to serve jobless people with training programs than they were in the late 1970s.

The analysis of budget trends that follows presents data for eight JTPA Service Delivery Areas (SDAs): Chicago, Northern Cook, Southern Cook, Du Page, Kane, Peoria, Decatur, and Rockford. The training programs studied include Chicago, all its suburbs, and three important downstate industrial areas. In certain cases, where either demographic data or CETA expenditure data are not available for Northern and Southern Cook SDAs separately, the two SDAs have been combined and are presented as suburban Cook.

UNEMPLOYMENT TRENDS

Traditionally one of the country's leading manufacturing states, Illinois' industrial base has been hard hit by the deindustrialization occurring in the Midwest's aging industrial centers. Large scale plant shutdowns, particularly steel and farm implements, have eliminated major sources of employment for communities across the state. The number of manufacturing jobs decreased from a total of 1,417,000 in 1969 to 951,000 in 1983, a decline of 33% in 15 years. In 1969, 30% of the state's labor force was still employed in manufacturing jobs; by 1983 only 21.1% of the labor force was employed in manufacturing [Illinois Bureau of Employment Security. *Illinois Employment*; Industrial Summary: 1984]. Job growth is occurring in service, retail trades, and clerical jobs, many of which pay substantially lower wages for entry-level jobs than the heavily unionized manufacturing sector.

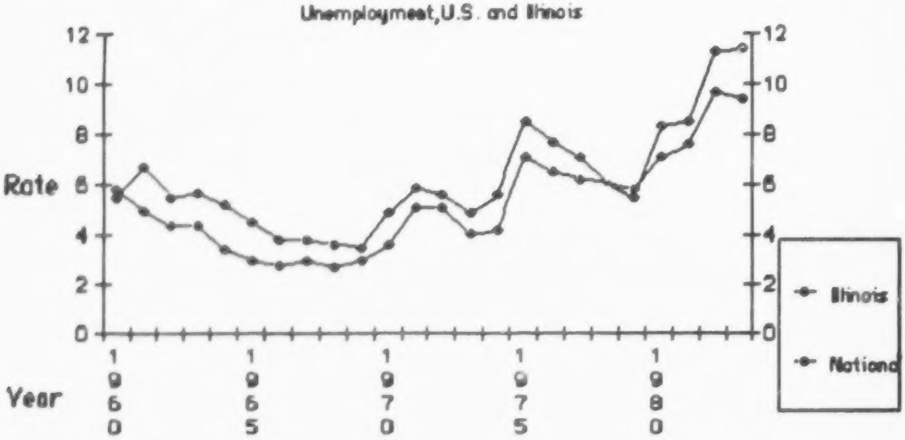


Figure 5.1

The steady decrease of industrial jobs has resulted in an ever increasing state unemployment rate. In 1980, Illinois' unemployment exceeded that of the nation as a whole for the first time since 1960 (see figure 5.1 for a comparison of national and state unemployment trends). Table 5.1 compares the unemployment rates and the percentage of all workers employed in manufacturing for the sample cities studied. The increases in unemployment correlate with decreases in the number of manufacturing jobs.

In 1970 the state's unemployment rate stood at 3.7%. By 1980 it had almost doubled to 7.2%. The rates for the Decatur, Peoria, Rockford, and Chicago SMSAs deviated little from the statewide total in 1970, with the city of Chicago having the highest rate (4.4%) and Du Page County having the lowest (2.1%). At that point, the standard deviation between all the areas studied stood at .65; by 1980 it had more than doubled to 1.6. This is evidence of the increasing differentiation of the regional economies of the areas under study over the ten year period. In 1980, the city of Chicago again had the highest unemployment rate in the state (9.8%) while Du Page, which is a major suburban growth area of the state, again had the lowest at 3.7%.

Exacerbating the long-term increases in unemployment that occurred over the 1970s was the 1981-82 recession during which unemployment skyrocketed. Many factories throughout the state were closed permanently during this period. According to the Department of Labor, workers across the United States who became unemployed during the 1981-82 recession were twice as likely to have lost their jobs permanently as workers experiencing unemployment during the previous three recessions [John Bickerman 1985: 8]. As of February 1986 the state's official unemployment rate stood at 9.5%. The annual average rate for 1985 was 9.0%.

The data for the early 1980s show an increasing bifurcation between the high and low unemployment areas of the state. While all areas have been hit by increasing unemployment, there remain pockets of relative economic stability. The eight areas can

Table 5.1

Percent Unemployment and Percent of Illinois Jobs in Manufacturing, 1970-80

	1970		1980	
	Unemployed	Mfg. Jobs	Unemployed	Mfg. Jobs
State SMSA	3.7	30.3	7.2	25.6
Decatur	4.3	33.0	9.1	28.1
Peoria	3.2	34.1	6.8	31.3
Rockford	4.0	45.3	6.7	40.3
Chicago	3.5	31.7	6.8	26.5
Chicago SMSA				
COUNTIES				
Cook	3.7	31.3	7.5	26.0
Du Page	2.1	28.7	3.7	24.4
Kane	2.7	38.5	5.8	33.7
Lake	3.0	32.2	5.0	27.5
McHenry	2.9	35.4	6.0	31.7
Will	3.4	36.3	7.9	29.1
City of Chicago	4.4	32.0	9.8	26.6

Source: U.S. Census.

be divided into a set of high unemployment Service Delivery Areas (SDAs) which include Rockford, Decatur, Peoria, Chicago and Southern Cook and a set of low unemployment SDAs which include Northern Cook, Du Page, and Lake. The downstate areas of Rockford, Decatur, and Peoria have all been hard hit by large scale plant shutdowns during the last recession, the result being severe permanent job losses. These three SDAs had the highest unemployment rates of any of the ones under study. By

Table 5.2

Unemployment Rate for Selected SDAs, 1982-84

SDA	1982	1983	1984
N. Cook	23,217 (7.6%)	26,482 (7.5%)	25,071 (5.7%)
Du Page	25,705 (8.2%)	27,163 (8.2%)	20,141 (6.0%)
Lake	18,073 (8.6%)	17,107 (7.7%)	14,146 (6.1%)
S. Cook	83,210 (10.6%)	85,926 (9.5%)	62,110 (9.1%)
Chicago	173,907 (11.7%)	178,968 (10.4%)	141,378 (9.3%)
Peoria	16,735 (13.5%)	18,342 (15.7%)	11,979 (10.9%)
Decatur	11,136 (15.0%)	10,406 (14.5%)	6,955 (10.3%)
Rockford	22,591 (16.2%)	19,639 (13.9%)	14,293 (10.4%)

Source: Illinois Department of Employment Security

contrast, the three suburban SDAs of Lake, Du Page, and Northern Cook are all located within the western and northern growth areas of the Chicago SMSA. The unemployment rate for the five high unemployment SDAs averaged 12% over the 1982-84 period while the three low unemployment SDAs averaged 7.3% over the same period.

The official unemployment figures do not reflect the total extent of the rise in unemployment. Nor do they make any distinctions between short- and long-term unemployment. Whether the increasing unemployment rates are composed of large numbers of people who are without work for relatively brief periods of time or constitute relatively few people who are out of work for long periods of time has important policy implications. If most unemployed are without work only for brief periods of time, the burden of unemployment is significantly reduced since it is widely shared and only affects most families temporarily.

Some recent theories of labor market "turnover" which claim that few people are out of work for a long time have been used to criticize earlier notions of "hard-core" unemployment. Such a view leads to a shift in the emphasis of employment training programs toward improvements in the operation of labor markets rather than improvements in the employment prospects of specific individuals.

In spite of claims that most joblessness is brief, some recent studies show that longer term unemployment is extensive. According to Clark and Summers, "Even during the strong 1969 peak, less than half of the unemployed found jobs within three months" [Clark and Summers 1979: 23]. Using data from the National Longitudinal Survey, these two authors show that accumulation of brief periods without work is not the dominant source of total weeks of unemployment. For the sample as a whole, only about one-third of all unemployment was attributable to people who had been jobless for less than six months during the four-year period. Almost 40% of the unemployment could be traced to persons who are out of work for a year or more [Clark and Summers 1979: 40]. These authors found that almost half of all long unemployment spells end by people leaving the labor force and no longer seeking work [Clark and Summers 1979: 25].

According to the research done by the Center on Budget and Policy Priorities, using Bureau of Labor Statistics data, long-term unemployment was 19.5% higher in September 1984 than it was in January 1981. The average length of time for which a jobless worker remains unemployed is now nearly three weeks longer [Center on Budget and Policy Priorities 1984]. As of 30 June, 1985, 39% of the Unemployment Compensation claimants in the Chicago SMSA were long-term unemployed [IBES, Report ES-203, 30 June 1985].

Table 5.3 presents selected demographic data for the SDAs grouped into the two categories of high and low unemployment. It shows a clear correspondence between the unemployment rates for the different SDAs and other social and economic characteristics. The two SDAs with the lowest unemployment rates since 1982 are also the ones with the highest median income, lowest percentage of blacks, the highest percentage of high school graduates and two of three of the lowest percentages of people in poverty. There is a marked difference in the demographic characteristics for the low unemployment SDAs and the four high unemployment SDAs. The median household income in 1980 for the two low unemployment SDAs is $26,360 while it is only $18,408 for the high unemployment SDAs, a difference of $7,952. An average of 4% of the people in the low unemployment SDAs live in poverty while an average of 11.6% of the residents of the high unemployment SDAs do. An average of 80.4% of the people in the low unemployment SDAs have completed high school while only 65.3% of the population have high school diplomas in the high unemployment SDAs. Clearly, the unemployment rates indicate the economic strength of these SDAs as measured by a number of other demographic variables. It is apparent that labor markets within these various SDAs are very different. Chicago stands out among all the SDAs with its significantly higher levels of poverty, higher percentage of blacks and Hispanics and smaller percentage of high school graduates.

JOB TRAINING BUDGET TRENDS

Due to the severe budget cuts in job training funds at the federal level, all SDAs have been faced with shrinking resources during a period when needs have greatly increased. For Illinois, job training funds have decreased by 78% in constant value dollars between their peak in 1978 to current levels for program year 1984. As a result, available funding has dropped dramatically in every Service Delivery Area of the state.

The Job Training Partnership Act as adopted by Congress in 1982 stipulates a funding formula to be followed for the distribution of funds to Service Delivery Areas within each state. This formula establishes three criteria according to which funds are to be distributed:

Table 5.3

Selected Demographic Data. Low and High Unemployment Areas

SDA	Total Popul.	Median Income	Poverty %	Black %	Hispanic %	High School Graduates %
Low Unemployment						
Du Page	658,835	27,509	3.0*	1.2*	4.6*	83.1
Lake	440,372	25,210	5.0	6.4	2.5	77.6
Suburban Cook	2,228,577	23,749	4.7	6.5	3.3	74.1
High Unemployment						
Rockford	279,514	20,266	8.0	7.4	2.3	67.5
Peoria	255,654	19,541	8.7	8.3	1.2	69.3
Decatur	149,483	18,562	9.7	9.2	0.4	68.1
Chicago	3,005,078	15.301	20.0	39.5	14.1	56.2

*Numbers calculated by subtracting City of Chicago from Cook County.

Source: U.S. Department of Labor, Employment and Training Administration, "Social Indicators for Planning and Evaluation: Area Profile. Based on data from 1980 Census. Produced by Lawrence Berkeley Laboratory.

1. 33 1/3% shall be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each service delivery area as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in the state.
2. 33 1/3% shall be allocated on the basis of the relative excess number of unemployed individuals who reside in each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in the state
3. 33 1/3% shall be allocated on the basis of the relative number of economically disadvantaged individuals within each service delivery area as compared to the total number of economically disadvantaged individuals in the state.

Table 5.4

Percentage of State Unemployment, Poverty, and JTPA Allocations by SDA

SDA	% Unemployment	% Poverty	% JTPA
Du Page	3.9	1.6	2.6
Suburban Cook	17.1	8.5	13.5
Chicago	27.8	49.9	43.5
Decatur	1.4	1.2	1.7
Peoria	2.3	1.8	2.7
Rockford	2.8	1.8	3.3

Source: Illinois Bureau of Employment Security, Illinois Labor Force Report, 1984; U.S. Census Data complied for each SDA. JTPA allocations from DCCA report prepared by PSA Unit 20 January 1984.

Two of the criteria for funding allocation are based on relative levels of unemployment while one is based on numbers of people in poverty. Since the Act defines "excess unemployed" as an area with a unemployment rate above 4.5%, all of the SDAs under study meet that criteria and qualify for some funding. This threshold is set so low that it does not function effectively to separate relatively prosperous communities from economically depressed ones. While levels of poverty constitute only one-third of the funding formula, poverty alone is the eligibility criteria for participants. (The dislocated workers program is the major exception.)

Table 5.4 compares the percentage of total state JTPA funds received by each of the sample SDAs to their share of total state unemployment and poverty. The allocation percentages are based on the sum of both Title IIA and IIB allocations minus administrative costs.

The percentages of unemployment and poverty presented in the first two columns of Table 5.4 provide a comparison of relative unemployment and poverty by dividing the actual number of unemployed and poor in each SDA by the statewide totals for each. This procedure compensates for the vastly different population sizes among SDAs. As a result, Du Page emerges as having a relatively greater proportion of unemployed than other suburban or downstate SDAs because of its considerably greater population size (see Table 5.3). The two SDAs which we had previously identified as low-unemployment and low-poverty SDAs, Du Page and Lake Counties, received a percentage of state funds greater than their percentage of the state's poor population. It appears that their proportionately larger percentage of total state unemployment results in their receiving larger sums of money than their poverty levels alone would warrant. The three downstate SDAs that have each experienced record levels of unemployment are receiving a larger percentage of state funds than either their percentages of poverty or unemployment. The city of Chicago is the only one of the sample SDAs that receives a smaller percentage of state funds than its percentage of poor people. Yet, it is in the city of Chicago that one finds the highest concentrations of both unemployed and poor people in the state (27.8% of state unemployment and 49.9% of state poverty).

Table 5.4 suggests that the effect of the Congressional funding formula is to broadly disperse the available funding throughout the state. It appears that SDAs with high levels of poverty have may be receiving proportionately less money per eligible individual since poverty alone serves as the eligibility criterion while it is only one-third of the funding criteria. As a result of the funding criteria, an SDA such as Du Page with one of the highest median incomes in the entire state has a higher proportion of JTPA money available than it has poor people who would be eligible for the program (2.6% of funds compared to 1.6% of poor). In contrast, Chicago has less than its proportion of training funds based on its percentage of the total poverty population (43.5% of funds compared to 49.9% of poor).

Table 5.5 provides a comparison of the total allocations for Title IIA alone and the total expenditures for IIA (including administrative costs).

While there is substantial variation in the amount of funds that each SDA expended, it is striking that two of the low-unemployment, low-poverty SDAs, namely, Du Page and Northern Cook , each spent the smallest portions of their total allocations. The case of Northern Cook, which spent only 58.4%, the smallest of any of the sample SDAs, is particularly significant in comparison to Southern Cook which spent a full 118.2% of its allocations, the highest of any of the SDAs. Under CETA, these two SDAs were one prime sponsor and the separation of the northern and southern regions of Cook County under JTPA has led to a split between the area of relatively high unemployment in Southern Cook and the area of economic growth in Northern Cook. Service providers in Northern Cook have experienced difficulties in filling their training slots while administrators in Southern Cook ran out of money before the end of the fiscal year and had to shut down programs.

YOUTH PROGRAM EXPENDITURES

This section looks at the allocations of funds on youth programs throughout the state. Overall, youth program spending levels have fluctuated most dramatically of any employment and training programs. Real spending on youth programs reached a peak in FY 1979 with expenditures totalling $38.3 million. In FY 1983, this figure had declined to $18.4 million, a drop of 52%.

One major youth program in Illinois, the Summer Program for Economically Disadvantaged youth (SPEDY), has experienced only a modest 13% decline in real spending from FY 1978 to FY 1983. During the peak youth employment program funding years, SPEDY accounted for 56.6% of total youth employment spending. However, again there are uneven patterns of change among the SDAs. Tables 5.6 and 5.7 below provide a comparison of program year 1984 annualized expenditures for the Summer Youth Program which is the JTPA equivalent of SPEDY.

Table 5.5

Total Allocations and Expenditures for Title IIA, 1984-85

SDA	Allocation	Expenditures	Expenditures as % of Allocations
Lake	1,831,266	1,858,966	101.5
Rockford	2,696,072	2,174,606	80.6
Du Page	2,383,931	1,559,633	65.4
S. Cook	8,090,401	9,550,344	118.2
N. Cook	2,996,996	1,751,364	58.4
Chicago	27,414,797	22,734,448	82.9
Peoria	2,197,304	1,726,410	78.6
Decatur	1,400,907	1,469,461	104.8

Source: DCCA Allocations from report prepared by PSA Unit 20 January 1985. Expenditures provided by DCCA as of 24 July 1985.

Chicago has 51% of all poor youth in the state, with only 23.5% of teenagers in the city working, and an unemployment rate of 52% among black youth. Only 39% of the Title IIB funds are available to Chicago, considerably less than its proportion. As a result, Chicago has only $68 per youth available, the lowest amount of any of the four areas. Du Page stands in sharp contrast. Not only does Du Page receive slightly more than its percentage of total poor youth (1.8% of funds compared to 1.4% of total poor youth), it has $113 to spend on each poor youth residing in Du Page. Du Page received so much more Title IIB money than it could use in the summer of 1984 that JTPA administrators, hard-pressed to find applicants, resorted to advertisements to locate eligible youth. Even after strenuous efforts to find eligible youth to enroll in the summer program in Du Page the SDA still spent only about 50% of its allocated money. At the same time, Chicago was forced to turn thousands of young people away. Administrators in Du Page conceded that the city of Chicago has received less than its share of state funds based on the city's greater needs [Scully, 29 January 1985].

Table 5.6

Summer Youth Allocations for Chicago and Suburbs, 1984

SDA	Title IIB Dollars*	Youth in Poverty	Dollars per Youth
Chicago	$21,063,907	309,125	$68
Cook	4,372,613	52,658	83
Lake	722,180	10,551	73
Du Page	940,128	8,284	113

*Youth defined as persons under 22.

Source: Title IIB data, Individual SDAs, U.S. DOL, Employment and Training Administration, "Social Indicators for Planning and Evaluation: Area Profile; based on data from 1980 Census. Lawrence Berkeley Laboratory.

CONCLUSION

While all areas of the state have suffered increased unemployment during the 1980s, there has been an increasing differentiation in the regional economies of the state. Certain downstate areas have experienced the closure of major manufacturing industries, leaving large sectors of a previously stable workforce unemployed. For Chicago, the long-term high levels of unemployment and poverty have worsened as a result of jobs leaving the inner city. Other areas of the state such as Du Page and Northern Cook continue to experience economic growth with new industry moving in. While those areas also show increased unemployment, it is quite likely not to be of the same duration as in other downstate areas where new job growth is not occurring.

While JTPA uses two unemployment measures as part of its funding formula within each state, the two measures provide no significant differentiation between those areas hard-hit by long-term unemployment and those still economically viable regions. Levels of poverty constitute only one-third of the funding formula, yet it is the sole eligibility requirement for most programs. As a result of this formula, areas that are experiencing either long-term unemployment or high levels of poverty are not receiving their proportionate amount of funds.

Table 5.7

Chicago and Suburban Youth Expenditures as Percentage of State, 1984

SDA	Percentage of Total Poverty Youth	Percentage of Title IIB Dollars
Chicago	51	39
Cook	9	9
Lake	1.7	1.5
Du Page	1.4	1.8

Source: "Social Indicators for Planning and Evaluation" 1980 SDA Census Area Profiles; JTPA expenditure data provided by SDAs.

Consistent with the federal- and state-level budget trends, individual Service Delivery Areas have been faced with drastic reductions in the overall amount of money available for job training. This has come at a time when needs have greatly increased due to the much higher levels of unemployment. Our findings show that there are considerable variations in the amount of available funds expended in different SDAs. While some of the variation in spending is due to differences in local program operation, the fact that the two SDAs with the lowest spending proportions are areas of economic growth again indicates that they may well have had more money that they could realistically use. The dramatic difference in the spending levels between Northern and Southern Cook confirm reports from service providers in Northern Cook that they could not find enough poor people to fill their classes while in Southern Cook the money was gone several months before the end of the fiscal year.

Reductions of more than three-fourths in real expenditures and large increases in need everywhere produced a major decline in the capacity of the job training system to provide needed assistance. Basing the distribution formula for funds on two-thirds non poverty criteria may well increase the problems facing agencies in areas with large concentrations of poor and long-term jobless workers. These problems, evident across a state that has suffered very severely from the precipitous decline of American industry suggest a need to reconsider both the adequacy of funding and the distribution formula written into the 1982 law.

Chapter Six

From CETA to JTPA: The Impact of Ten Years of Changing Federal Policy

Federal administrators who operate the Job Training Partnership Act (JTPA), and a number of local job training administrators contend that JTPA is a better program than its predecessor, the Comprehensive Employment and Training Act (CETA). One Illinois Private Industry Council director described JTPA as a higher stage in the evolution of government expertise in the job training field. Other local officials commented that JTPA was "easier to sell" to local businessmen and to the public than the often controversial CETA program [Interview with Jay R. Vonachan, PIC Director, Peoria, 25 January 1985].

Program administrators who prefer JTPA over CETA usually single out one or more key changes in the administrative regulations as the basis of their opinions. Sharing the popular assessment of CETA as an expensive, inefficient, and frequently abused program, some administrators in Washington and Illinois voiced their approval of ceasing public sector employment, nearly eliminating stipends for participants, and placing significant decision-making power in the hands of the business community.

Moreover, Reagan Administration officials contend that cutbacks in outlays for temporary job creation and the provision of support services have allowed the government to earmark a greater percentage of the job training funds for actual training activities. When asked about the impact of the cutbacks in stipends and supportive services, Albert A. Angrisani, then Assistant Secretary of Labor replied:

> Since training programs will be designed to train eligible individuals so that they may move as quickly as possible into jobs in the private sector, the limitation on such costs may only add an additional incentive to train and place these participants more efficiently. Since the limitation will reserve more of the funds for training purposes, this will mean that more individuals will benefit from the program.
>
> [Statement by Albert A. Angrisani, Senate Committee on Appropriations, 98th Cong., 1st Sess., 1984: 143-44]

Similarly, according to Department of Labor officials, mandating ambitious placement goals along with low outlays per participants should result in a more rapid entry of disadvantaged people into the ranks of the gainfully employed. When questioned about reports that JTPA encourages "creaming," DOL administrators have steadfastly maintained that JTPA regulations require 90% of the participants to be certified as economically disadvantaged. They also contend that requiring the allocation of 40% of outlays for youth programs guarantee that JTPA will serve the most difficult to employ segments of society

From CETA to JTPA: The Impact of Ten Years

Given the widely held belief that JTPA is an improvement over previous efforts at training low-income and low-skilled people, it is important to compare the performance of CETA in Illinois with the initial results of JTPA in meeting the needs of disadvantaged workers. Specifically, CETA will be compared to JTPA in terms of: (1) the number of training slots open to participants; (2) the levels of participation of minority and disadvantaged workers; (3) the number of participants who gained employment after graduating from each program; and (4) the ability of each program to generate job opportunities for minority and disadvantaged workers.[1]

Only limited direct comparisons between JTPA and CETA are possible. The Comprehensive Employment and Training Program, the most important CETA program (in terms of the number of participants), is analogous to Title IIA of JTPA. However, between fiscal years 1976 and 1981, most of funding for CETA went into two public sector employment programs—one for unemployed workers in regions of the state where the unemployment rate exceeded 6.5% and the other to combat unemployment connected to downturns in the economy. JTPA, in turn, has a major program not included in CETA, the Title III dislocated workers program, which is analyzed in Chapter 15. The Title III program has a major impact on the nature of overall JTPA services.

A second issue complicates any evaluation of this part of CETA: should public service employment programs be classified as job creation or as training? If providing temporary jobs for people who cannot find jobs in the private sector is seen as the main purpose of public service employment, then the program is primarily evaluated by how many temporary jobs it provided and whether it reached those people most in need. However, if public sector employment is seen primarily as work experience and training that enhances the possibility of subsequent employment at a living wage, then relative placement and cost become crucial. Both perspectives were presented in Congress when the program was enacted. In this analysis, the first perspective is most important, although the ability of CETA graduates to find employment after leaving one of the public sector employment programs will also be looked at.

This study shows that the character of each of the three major CETA programs changed considerably over time. Between the inauguration of CETA during FY 1975 and the termination of the program in FY 1983, CETA passed through three distinct phases: a beginning period (1975 through 1977) when local administrators were learning how to organize and manage a decentralized job training program; a middle period (corresponding roughly to the years 1978 to 1980) when Congress significantly increased funding for CETA and adopted more stringent regulations concerning eligibility for CETA programs; and a transition period between CETA and JTPA (from 1981 through 1983) when CETA administrators phased out the public sector employment programs, and funding for the basic employment and training programs dropped to pre-1978 levels. These three time periods also coincide with three distinct cycles in the U.S. economy: a relatively severe recession, an expansionary and inflationary period, and a near depression.

Any of the large changes in administrative policy, funding, or the state of economy could have altered the composition of the applicant pool or affected the employment opportunities of CETA graduates. Therefore, distinct trends in participation rates and outcome measures will be delineated rather than simply contrasting CETA with JTPA.

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[1] Unless otherwise indicated, all data come from the U.S. Department of Labor Employment and Training Administration *Quarterly Performance Reports* (QPR) and *Quarterly Summary of Participant Characteristics* (QSPC). All information concerning participants is at least aggregated to the local administrative unit or prime sponsor. Fiscal year 1976 lasted five quarters. To standardize the 1976 figures, they have been multipied by .8.

In particular, we will attempt to find out whether the regulations which accompanied the 1978 Congressional reform of CETA did in fact change the composition of the ranks of CETA participants. In addition, we will examine whether performance measures for JTPA produced a radical break from the past in terms of program participants or whether JTPA participants are similar to their predecessors in the years immediately preceding the implementation of the new program.

Finally, it is necessary to consider the possible effects of local variations in administrative practice or labor market conditions on the capacity of the CETA programs to help the disadvantaged. Regional differences are studied by aggregating the data into the state's major regions: Chicago, the suburbs, and downstate.

THE AVAILABILITY OF JOB TRAINING, 1975-85

As stated earlier, Department of Labor officials have asserted that cost savings and administrative efficiencies mandated by JTPA would allow Service Delivery Area (SDA) officials to enroll more trainees than ever before. So far, this has not been the case. Table 6.1 shows the trend in participation rates for the principal training programs, Title I/II BC under CETA and Title II A under JTPA.

The number of participants was lowest during the transition year of JTPA which ran for three-quarters of a year. While the number of participants has increased substantially in 1985, the figures still reflect a downward trend in the number of participants since CETA's peak in 1977. The decrease in the availability of job training positions is even greater when one takes into account the additional 2488,000 or so CETA positions which were made available each year under the two public sector employment programs. The decline in the number of job training participants has occurred at a time when unemployment has significantly increased throughout the state with some urban areas having experienced severe permanent job losses. Total enrollment in the three CETA Titles peaked in 1977 during a period of economic expansion. That year, the number of participants represented nearly a third of the number of unemployed Illinoisans. However, between fiscal years 1978 and 1983 total enrollment in CETA declined by more than 45%, while unemployment more than doubled. As a result, by FY 1983, the three main programs offered training opportunities for fewer than 9% of the unemployed workers of the state.[2]

WHO RECEIVES JOB TRAINING IN ILLINOIS?

JTPA not only serves far fewer unemployed but also trains different kinds of people. Chapters 11 and 12 describe the dynamics of the selection process for JTPA participants, showing that JTPA enrolls applicants who are poor but who possess certain other advantages in the labor market, principally, a high school diploma. To a large extent, this practice continues a trend which was established during the last years of CETA. In 1979, 61% of the participants in the basic education and training programs had incomes

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[2] The most immediate drop in the number of CETA participants was due to the discontinuation of Public Service Employment programs after 1981.

Table 6.1

CETA-JTPA Basic Training Programs, 1975-85:
Number of Participants, Terminations, and Entered Employment Rates

FY	Participants	Terminations	Entered Employment	EER
1975	77,239	38,088	8,316	21.8
1976*	99,944	72,367	14,166	19.6
1977	68,855	49,752	13,595	27.3
1978	62,232	45,714	19,198	42.0
1979	52,473	36,519	15,603	42.7
1980	51,923	32,378	10,200	31.5
1981	52,317	34,694	11,531	33.2
1982	47,813	31,643	12,011	38.0
1983	58,461	58,461	18,468	31.6
1984**	26,811	14,707	9,435	64.2
1985	49.834	30,583	16,130	52.7

*Five quarter totals.
**Three quarter totals.

Source: QSPC for CETA, TY for JTPA from MIS

below 70% of the Office of Management and Budget's Lower Living Standard. After that time, the poorest among the unemployed made up over 90% of the participants in the Comprehensive Employment and Training Program. Throughout the life of the CETA Title I/II BC program, participation rates for AFDC recipients ranged between 15 and 25% a year, increasing somewhat after 1980. JTPA data reveal that around 30% of the participants currently receive public assistance money. On the other hand, during the late 1970s and early 1980s, CETA took on an increasingly well-educated clientele. In 1980 48.1% of participants in Title I/II BC were high school graduates, and three years later, 57.2% of the enrollees were high school graduates. Despite the tendency on the part of CETA officials to enroll an increasing proportion of high school graduates during the last years of the program, at no time did the number of high school dropouts and high school students enrolled in Title I/II BC fall below 40%. Since the transition to JTPA, the percentage of students and dropouts has fallen far below that mark.

Table 6.2 presents a more general view of the comparative participation rates for enrollees of different sexes, ages, races, educational background, and welfare status both within Title I/II BC of CETA and between CETA and JTPA. In this table the lowest, highest, and median participation rates are presented for each significant segment within CETA and for the second year of JTPA. The comparison between CETA and JTPA shows that during the first full year of JTPA, most groups fell within the range of CETA participation levels. There are a few important exceptions. The participation rates for high school graduates have climbed substantially above their highest level under CETA. During 1985 high school graduates composed three-quarters of all JTPA participants. Correspondingly, the participation rate for high school dropouts lies below the range for dropouts and students under CETA. There has been a substantial drop in the percentage of Hispanic participants in JTPA so that it now stands below the minimum reached under CETA. The percentage of blacks stands only .7% above the minimum level under CETA. The percentage of welfare recipients in JTPA has reached record heights.

Table 6.3 examines the participation rates for the last several years of CETA when the program experienced substantial cutbacks in both funding and participants and compares these to the participation rates during the first two years of JTPA.

As Table 6.3 indicates, the participation rates for youth, high school graduates, whites, and welfare recipients reached their highest point in six years during the second year of JTPA. High school dropouts and Hispanics suffered sharp declines in the Program Year of JTPA. The adult category of 22-44 years old grew steadily until this last year when it experienced a sharp decline. There had been a gradual increase in black participation through the last year of CETA; it fell off sharply in the JTPA transition year and then recovered slightly during the Program Year.

Substantial changes in the distribution of significant segment groups within job training programs in Illinois have occurred several times since the beginning of CETA in response to changing policies, economic conditions, and funding. If one were to single out a characteristic CETA participant during the first two years of CETA, that person would be a black male aged 16-21 who had not completed high school. An absolute majority of Title I/II BC participants had each of these characteristics. During FY 1977, the participation rate for youth, blacks, high school dropouts, and students fell by around nine percentage points (to 40.8 %, 45.9%, and to 48.4% respectively) and declined still further during the following year. During FY 1978, 15.2% of all CETA Title I/II BC participants were receiving AFDC, a drop from 20.8% of total participants registered in 1976. Most likely, these changes reflected the decline in the percentage of economically disadvantaged individuals enrolled in the program—from just over 80% in 1975 to a little more than 74% three years later. To some extent, then, at the time of CETA's reauthorization, the program was becoming less accessible to individuals who were least ready for jobs.

Between 1978 and 1980 the implementation of new legislation and regulations designed to limit participation to the very poor did in fact result in the inclusion of somewhat higher percentages of females, youths, high school dropouts and students, and AFDC recipients within Title I/II BC. However, the percentage of blacks within the Comprehensive Employment and Training Services component of CETA continued to decline, reaching its lowest total under CETA, 41.2%, in 1980. Hispanics registered their lowest participation rate in the program, 10.4%, the following year.

As the analysis of Table 6.3 reveals, participation rates for various groups of participants during the early 1980s follow an entirely different trend—in fact a reversal

Table 6.2

Participation Percentages for Significant Segment Groups in CETA, Title I/II BC and JTPA, 1974-85

Significant Segments	Lowest CETA Pctge.	Highest CETA Pctge.	Median CETA Pctge.	JTPA 1984-85 (PY 84)
Males	47.4	52.7	50.9	50.7
Females	47.3	52.6	49.1	49.3
Under 22 Years Old	34.4	51.2	41.2	43.2
22-44 Years Old	40.9	54.4	49.1	49.9
45-54 Years Old	2.4	4.7	3.9	4.5
Less Than High School	58.7	42.8	48.4	24.9
High School and Beyond	41.3	57.2	51.6	75.1
Whites	39.1	52.7	41.6	46.2
Blacks	41.2	54.1	45.0	41.9
Hispanics	10.4	18.7	13.4	9.8
AFDC Recipients	15.2	25.7	20.8	31.3*

*Reported as "welfare recipients".

Source: QSPC, JTPA MIS.

Table 6.3

Percentage of Participants by Significant Segments
for CETA Title I/II BC, FY 1980-84

Significant Segments	FY 1980	FY 1981	FY 1982	FY 1983	JTPA 1984	JTPA 1985
Males	47.8	49.4	51.1	52.5	52.5	50.7
Females	52.8	52.2	50.6	47.5	47.5	49.3
Under 22 Years Old	41.2	39.9	34.4	37.0	36.5	43.2
22-44 Years Old	47.1	49.0	54.4	53.7	55.8	49.9
45-54 Years Old	3.7	3.7	4.4	4.7	5.5	4.5
High School Dropouts	52.8	49.9	43.4	41.6	38.0	24.9
High School Graduates	48.1	50.1	56.6	57.2	62.0	75.1
Whites	44.1	43.1	40.3	40.2	43.9	46.2
Blacks	41.2	42.9	45.0	45.2	40.7	41.9
Hispanics	11.3	10.4	13.4	11.4	12.6	9.8
AFDC Recipients	24.8	25.7	26.6	22.0	25.0	31.3

Source: QSPC, JTPA MIS.

Table 6.4

Decrease in Number of CETA Participants in Illinois
from FY 1976* to the JTPA Transition

	FY 1976*	FY 1983	JTPA 1985	% Change 1976*-83	% Change 1983-85**	% Change 1976*-85**
Total Participants	79,995	58,461	49.834	-26.9	-14.8	-38.0
Males	41,394	31,069	25,281	-24.9	-18.7	-39.0
Females	38,561	27,392	24,553	-29.0	-10.4	-36.4
Under 22	40,504	21,610	21,513	-46.6	-00.5	-46.9
22-44	32,844	31,400	24,887	-4.4	-20.8	-24.3
45-54	3,136	2,772	2,264	-11.6	-18.3	-27.8
L T H.S. Educ	45,538	24,331	12,391	-46.6	-49.1	-72.2
H. S. or Beyond	34,418	33,413	37,443	-2.9	+10.8	+8.1
Whites	31,239	23,840	23,010	-23.7	-3.5	-26.4
Blacks	43,254	26,396	20,879	-39.0	-20.9	-51.7
Hispanics	13,823	6,644	4,851	-51.9	-27.0	-65.0
AFDC Recipients	16,550	12,871	15,622*	-22.7	+17.7	-5.7

*FY 1976 totals are standardized to correspond to a 12-month period by multiplying the actual numbers by 4/5.

**JTPA Transition Year totals are standardized to correspond to a 12-month period by multiplying the actual numbers by 4/3. Data for 1985 is inclusive of AFDC and other welfare recipients, a significantly larger category than AFDC.

Source: QSPC. JTPA MIS.

of the pattern manifested for most groups during the years immediately following reauthorization. Thus, to return to the question of who receives job training in Illinois, the data on participation rates demonstrate that the answer depends entirely on the period in question.

Still, it should be remembered that irrespective of any changes in relative percentages, the absolute decline in the number of training slots available to Illinois workers meant that between 1977 and 1985 access to job training programs in Illinois has lessened for all groups within the population—although not to the same extent. This conclusion is supported by the data in Table 6.4.

Table 6.4 shows that the loss of available training slots has had an uneven effect on different groups of participants. During the CETA years, youths, blacks, Hispanics, and high school dropouts and students suffered losses in excess of the general average, while individuals aged 22-44 and high school graduates fared considerably better than the overall group. High school dropouts, Hispanics, and blacks have suffered the heaviest losses in participation rates from the start of CETA in 1976 through 1985. The number of high school dropouts in the program has decreased by over two-thirds since 1976. Youths have also suffered heavy losses but the bulk of the decline occurred during CETA. There was only a slight decrease in the number of youths between the last year of CETA in 1983 and the second year of JTPA. While all other groups of participants experienced declines in the number of training slots available to them, high school graduates have experienced an actual increase. The bulk of the increase in graduates has occurred since the beginning of JTPA.

FROM JOB TRAINING TO JOBS, CETA TO JTPA

In this section we will look at the issue of how well the graduates of CETA fared when they reentered the labor market. In order to answer this question, we will rely on three kinds of measures. First, we will simply look at the absolute number of jobs which the program generated each year, i.e., for the state as a whole and for specific groups within the population. Next, we will utilize two measures that estimate the relative success of individual groups or for participants in general in obtaining unsubsidized employment. The first of these, the "entered employment rate," or EER, is a standard evaluation measure, utilized by state and federal officials for CETA and for JTPA. To calculate the entered employment rate one takes the ratio of the number of participants who entered employment to the number the participants who were terminated from the program during the year in question and multiplies that number by 100. (The statewide entered employment rates for CETA and JTPA can be found in Table 6.1.) Unfortunately, this measure has its drawbacks. The principal difficulty is its sensitivity to administrative decisions to hold on to or terminate certain groups of participants during any given year. Therefore, this study includes an additional statistic, the index of representation, which gauges comparative success rates for significant segments more accurately. To derive this index, we calculated the percentage of individuals who entered unsubsidized employment who were members of a particular group and subtracted from that number the percentage of all participants who were members of that same group. The logic here is that, all things being equal, if a group made up, say, 15% of the enrollees during a given year, we should expect to find that 15% of the individuals who found jobs would likewise belong to that particular significant segment group. Deviations of greater than 5 percentage points (positive values indicating overrepresentation and negative values indicating underrepresentation) were significant indicators of group advantages or handicaps within the job market, while deviations in excess of plus or minus 10 points are classified as extreme.

Aside from the considerably lower cost of running the program, the chief selling point of JTPA has been its very high placement rates. As can be seen from the row of yearly entered employment rates displayed in Table 6.1, the EERs for the first two program periods of JTPA exceed the highest entered employment rates achieved in any single year under CETA.

Table 6.5 shows that the average number of job placements for the first two years of JTPA is higher than under CETA for every category of participants except Hispanics, high school dropouts, and whites. Similar to the findings for program participants, the largest increases in the number of job placements have occurred for AFDC recipients, people aged 45-54, and high school graduates. AFDC recipients have found 41.7% more jobs in the two years of JTPA than throughout the life of CETA.

However, not all graduates of job training programs seek to enter the labor market right away. Traditionally, the Department of Labor has recorded any person who, upon leaving a job training program, goes back to school, enters the armed forces, or enrolls in another program as a "positive termination." It turns out that the "positive terminations" account for between 15 and 41% of all terminations each year during the CETA program, but only 3% of terminations during the JTPA Transition Year and 13% during the program year. As a result, the "total positive results rates" (entered employment rate plus percentage of other positive terminations) for CETA and JTPA are comparable, as Table 6.6 indicates.

The data in Tables 6.1 and 6.5 suggest that between 20 and 50 thousand CETA participants completed the program each year and did not find jobs. This indicates that there were not enough jobs available during the period of slow economic growth in the 1970s to provide jobs for large numbers of CETA participants. Furthermore, placement in further education for youth participants—which was discouraged in JTPA, particularly in the early period—has been shown to have more positive results in the long run than immediate placement in a job. Aside from providing evaluators with a basis of comparison between CETA and JTPA, the yearly entered employment rates also furnish a measure of how well each year's group of CETA graduates fared as they attempted to find jobs. Table 6.7 displays the yearly entered employment rates for the state as a whole and for specific groups within the population.

As was the case with participation rates for significant segment groups, the entered employment rates for Illinois fluctuated considerably during the life of the program. However, the rates remained at certain "plateaus" for two or three years. For instance, during the first three years of CETA, fewer than three in ten participants in Title I/II BC began working at an unsubsidized job upon leaving the program. Then, during FY 1978 and 1979 (during a period of relative economic expansion), EERs climbed to 42%. After that time, entered employment rates varied between 31 and 38%. The highest CETA EERs coincide with the one period of economic expansion during the life of the program.

It is also possible that, over time, program administrators improved their performance in designing training programs to meet shortages in the local labor markets—a factor which might explain why entered employment rates remained higher during the near depression of the 1981-83 period than during the economic downturn of the mid-1970s.

There are, however, less sanguine explanations of why EERs went up or down. During the later years there was strong pressure for high placement rates within the system. During fiscal years 1978, 1979, and 1982, the years in which basic training participants recorded the highest entered employment rates, participation rates for high school dropouts and students were below the median for the program. It is likely that serving fewer high school dropouts and students, groups facing significant barriers to employment, helped boost the yearly entered employment rate. During the recession years, 1975-76 and 1981-83, entered employment rates went up but the total number of participants declined. This suggests that entered employment rates will rise when the total numbers of training participants needing to be placed decreases. To a certain

Table 6.5

Average Number of Participants Who Entered Employment from CETA, Title I/II BC, and from JTPA

Significant Segment	CETA*	JTPA**	% Change
Total Participants	13,362	14,355	+7.0
Males	7,160	7,828	+8.5
Females	6,201	6,528	+5.0
Whites	6,614	6,607	-0.1
Blacks	4,833	5,276	+8.0
Hispanics	2,222	2,011	-9.5
Under 22 Years Old	4,520	4,840	+6.7
22-44 Years Old	7,689	8,307	+7.4
45-54 Years Old	664	772	+14.0
Less Than High School	5,004	4,102	-18.0
High School or Beyond	8,351	9,366	+10.8
AFDC Recipients	1,796	3,081	+41.7

* CETA average includes FY 1976 data multiplied by 4/5.

** JTPA Transition Year total multiplied by 4/3.

Source: OSPC, JTPA MIS.

Table 6.6

Entered Employment Rate, Percentage of Other Positive Terminations, and Total Positive Results Rate for CETA Title I/II BC and JTPA

Year	EER	Other Pos. Term.	Tot. Pos. Terms.
1975	27.4	24.4	51.8
1976*	19.6	40.8	60.4
1977	28.0	22.7	50.7
1978	41.8	14.9	56.7
1979	42.7	19.9	62.7
1980	32.1	21.6	53.8
1981	33.2	27.7	60.9
1982	38.5	26.6	65.2
1983	31.7	26.5	58.2
1984**	64.2	2.7	66.9
1985	52.6	12.7	65.3

*Five-Quarter Year.
**Three-Quarter Year.

Source: QPR, JTPA MIS.

degree, each of these developments also helps us understand why JTPA's entered employment rates are higher. At a time when Illinois has still not recovered fully from the recession of the early 1980s, job training programs in the state are a very small fraction of the unemployed and a higher percentage of the participants have high school degrees than was ever the case under CETA.

WHO BENEFITTED MOST FROM CETA?

Most critics of CETA point to its low entered employment rates and relatively high costs per participant as the chief drawbacks of the program. Another very serious problem of the previous experiment in decentralized job training, however, was the failure of CETA administrators to devise adequate strategies for overcoming traditional inequalities in the labor market. That is, members of population groups who normally face severe problems in obtaining employment, such as youths, blacks, high school dropouts, and AFDC recipients, were less likely to find jobs after finishing CETA training than participants who had completed high school, adults with previous work experience, or members of traditionally advantaged groups.

Table 6.7

CETA Entered Employment Rates for Significant Segments in Illinois, 1975-83

Signif. Segment	1975	1976*	1977	1978	1979	1980	1981	1982	1983
Total	22	20	27	42	43	32	33	38	32
Males	22	19	29	44	46	32	34	38	33
Females	22	20	26	40	39	31	32	38	30
Under 22	16	13	21	35	28	23	26	28	24
22-44	30	32	32	47	48	39	40	45	35
45-54	28	22	39	53	49	40	38	45	43
HS Dropout	16	13	20	34	34	24	25	28	25
HS & up	30	30	35	49	51	40	42	47	37
Whites	29	28	38	48	45	32	32	39	35
Blacks	16	15	18	34	38	27	30	32	24
Hispanics	29	20	29	43	49	45	47	54	44
Unemployed	27	21	28	45	45	37	37	42	33
UI Recip.	44	43	33	50	52	43	48	51	44
AFDC Recip.	16	15	18	25	27	22	21	26	23

*Five-quarter average.

Source: QSPC.

Table 6.8

The Number of CETA Participants Who Entered Employment, 1975-83
Total Participants: 123,000

Significant Segment	Total Employed, 1975-83
Males	65,922
Females	57,166
Under 22 Years Old	41,765
22-44 Years Old	70,745
45-54 Years Old	6,109
High School Dropouts	46,171
High School or Beyond	76,857
Whites	61,100
Blacks	44,657
Hispanics	20,411
Unemployed	105,658
UI Recipients	13,587
AFDC Recipients	16,621

Source: QSPC.

These differences in the immediate results of participation in Title I/II BC can be measured in several ways. Table 6.8 shows that males, adults aged 22-44, high school graduates, and whites were most likely to gain a job after leaving the program.

Comparisons by significant segment groups reveal that: (1) the number of males who entered unsubsidized employment exceeded the female total by over 8700; (3) individuals aged 22-44 made up about 57% of the CETA graduates who gained employment, while young people accounted for just over a third and individuals aged 45 and over about 5%; (3) the number of high school graduates who found a job after CETA exceeded the number of high school dropouts and students who entered employment by over 3 to 2; (4) the number of whites who entered employment nearly equaled the combined number of blacks and Hispanics who found jobs after leaving a Title I/II BC training program; and (5) around 30% of these who found employment were AFDC recipients.

The total number of people finding employment can be a misleading indicator of the degree of success which individual groups enjoyed, because the raw figures account for neither the total number of participants from each group nor the total number of terminations. Two measures, the entered employment rate and an index of representation (the percentage of the number who entered employment from a particular signifi-

Table 6.9

Average Entered Employment Rates, 1975-83

Significant Segment	Average EER
Males	33
Females	30.9
Under 22	23.8
22-44	38.7
45-54	37.4
H.S. Dropout	24.3
H.S. and Beyond	40.1
Whites	36.2
Blacks	26
Hispanics	40
Unemployed	35
U.I. Recipients	45.3
AFDC Recipients	21.4
Total	32.1

cant segment minus the percentage of the total number of participants from that significant segment) provide a more accurate measure of the relative performance of significant segment groups. Table 6.9 provides the average entered employment rates over the years 1975 to 1983 using the data from Table 6.7 for each significant segment.

The averaged entered employment rates over the CETA years show that there were substantial differences in the ability of different groups of people to find employment after having completed CETA training. Women as a whole had only a slightly lower job placement rate than men; AFDC recipients however, had the lowest average EER of any significant segment. It was only 21.4%, which is 9.5% lower than the average for all women. Youths under 22 had the next lowest average EERs (23.8%), almost 15% lower than the average for persons ages 22 to 44 (38.7%). Those without a high school education had an average EER of 24.3%, which was 16% less than those with a high school education. Finally, blacks as a whole had substantially lower EERs (26%) than either whites (36.2%) or Hispanics (40%).

The contrast between results for different significant segments reflects the importance of education and work experience as factors which affect the ability of individuals to find work after having left CETA. Adults, high school graduates, unemployment insurance recipients, all possessed relative advantages in the job market.

Table 6.10

Index of Representation in Illinois Title I/IIa of CETA

Sig. Segment	1975	1976*	1977	1978	1979	1980	1981	1982	1983
Total EER	21.8	19.6	21.8	42.0	42.7	31.5	33.2	38.0	31.6
Males	1.5	0.5	4.6	5.1	5.6	2.0	2.6	1.6	3.0
Females	-1.5	-0.5	-4.6	-5.1	-5.6	-2.0	-2.6	-1.6	-3.0
Under 22	-8.6	-12.4	-7.0	-4.7	-4.4	-12.9	-10.7	-9.3	-9.2
22-44	8.5	13.3	6.9	5.7	7.5	11.6	10.1	7.3	6.5
45-54	1.0	0.8	0.6	1.1	0.7	1.0	0.8	1.1	1.7
HS. Dropout	-15.7	-16.8	-10.1	-6.7	-10.1	-12.8	-12.9	-9.5	-9.1
H.S. & Up	15.7	16.9	10.1	6.7	10.1	12.8	12.9	9.5	9.1
Whites	16.1	16.5	11.5	7.1	2.2	-1.4	1.3	1.5	5.0
Blacks	-13.6	-13.1	-13.9	-8.1	-5.5	-5.6	-6.7	-8.4	-10.3
Hispanics	-0.4	-2.7	2.3	2.4	3.3	6.9	4.4	6.3	4.6
Unemployed	-2.4	2.3	2.5	5.7	7.4	13.8	12.7	7.9	4.7
UI Recipients	3.6	3.4	0.2	1.1	1.4	1.7	5.2	2.8	5.6
AFDC Recip.	-4.6	-4.6	-7.1	-6.2	-8.3	-8.9	-10.4	-7.9	-6.2

*1976 numbers are five-quarter totals.

Source: QSPC.

Comparisons of entered employment rates by racial group are not so clear-cut. While whites entered employment at a consistently higher rate than blacks, the differences in the rates narrowed from a high of 19.6 in 1977 to only 2.1 in 1981. But by the last year of the program, the gap increased again, reaching 11 points.

There are many possible explanations. Different educational backgrounds or work experience may account for part of the disparity. Differences in the availability of jobs in parts of Illinois where CETA participants are predominantly white or black may also play a role in producing the kinds of entered employment rates which appear here. Finally, racial discrimination by employers must also play a role in explaining the differences. However, these factors do not explain why the entered employment rates for Hispanics exceeds those for blacks by 10 to 20 points a year. Training appears to have an extremely powerful impact for Hispanics.

By and large, the indices of representation in Table 6.10 reflect similar patterns for the various population groups.

Blacks, participants who had not completed high school, youths, and AFDC recipients were consistently underrepresented. Moreover, for each of these groups the degree of underrepresentation was dramatic. If one adds up the number of years in which index scores ranged between -5 and -10 (a "significant" underrepresentation in our view) and the years in which index scores fell below -10 (an extreme underrepresentation), one obtains the following results:

	Years of scores between -5 and -10	Years of scores below -10
Youths	4	3
Less than H.S.	3	6
Blacks	5	4
AFDC Recipients	6	1

People aged 22-44 and high school graduates achieved correspondingly high scores. During the first four years of CETA, whites were greatly overrepresented among the ranks of CETA participants who found employment but ceased to be so after that time. Instead, Hispanic participants showed the highest placement rates. Males and unemployment insurance recipients achieved slightly positive scores during each year of the program, while females were always slightly underrepresented among the successful job-seekers.

CETA'S PUBLIC EMPLOYMENT PROGRAMS: TITLE II/IID AND TITLE VI

In contrast to the job training programs under CETA the employment programs provided actual jobs, in some cases lasting as long as two years. Many unemployed sought entrance into these programs. Public sector employment programs accounted for a little over 26% of all the training slots which were provided by the three largest CETA programs between fiscal years 1975 and 1983. Three-fifths of the participants in PSE programs enrolled in the Title VI "Counter-cyclical Employment Program" and 40% were involved in the Title II/IID Program, which funded public service employment for regions of the state whose unemployment rate exceeded 6.5%. When the two programs were terminated following the end of FY 1981, CETA officials did not increase the number of training slots in other CETA programs. As a result, the elimination of public sector employment constituted a major cutback in government-sponsored efforts to fight unemployment.

Paradoxically, at the time when the federal government decided to stop funding public sector jobs, program administrators had more or less completed a successful effort to redesign the programs to ensure that nearly all the jobs would go to members of disadvantaged groups. After 1979, when the regulations took effect, the share of jobs going to the poorest among the unemployed increased from about two-thirds to over 90% of the participants in the Title II/IID program for areas of acute unemployment and

Table 6.11

Percent of Participants by Group in Illinois Title II/IID Program

Sig. Segment	1975	1976*	1977	1978	1979	1980	1981
Males	62.3	61.2	57.2	53.9	53.0	52.3	49.9
Females	37.7	38.8	42.8	46.1	47.0	47.7	50.1
Under 22	20.7	22.8	26.7	17.6	21.3	23.6	22.5
22-44	65.9	60.1	58.4	66.9	64.3	61.9	62.9
45-54	8.2	11.0	8.3	9.3	8.8	7.0	6.4
HS Dropouts	28.8	24.0	22.4	19.7	28.6	34.2	33.5
HS & Up	71.2	76.0	77.6	80.3	71.4	65.8	66.5
Whites	42.3	62.6	74.1	60.0	53.3	44.4	45.0
Blacks	45.8	34.7	23.3	38.1	40.9	48.7	47.4
Hispanics	10.2	6.9	3.5	6.0	5.2	6.1	6.7
Unemployed	47.4	70.3	67.8	85.7	79.3	82.6	84.9
U.I. Recip.	4.6	14.8	15.7	16.2	11.0	8.9	11.3
AFDC Recip.	9.3	5.9	6.3	6.3	14.5	19.7	24.6

*Five-quarter total.

Source: QSPC.

over 80% of the participants in the counter-cyclical PSE program. The effect of the 1978 Congressional amendments was also reflected in a increase in the percentage of public sector employment participants who had been unemployed previous to their entry into the program: from 68% in 1977 to 85% in 1981 for Title II/IID and from 86% in 1977 to 92% in 1981 for Title VI.

AFDC recipients dramatically increased their representation in these CETA programs during the latter years of the program. In Title II/IID participation by AFDC recipients increased from a low of 5.9% in FY 1976 to a high of 24.6% in 1981. Similarly, in 1976 AFDC recipients made up 6.8% of the number of individuals enrolled in the Title VI-PSE program, while in 1981 they comprised 21.3% of the enrollees. In each program AFDC representation more than tripled.

Tables 6.11 and 6.12 display the participation rates of significant segments in each of the two public sector employment programs. By the last years of public sector employment, CETA was serving a very different mix of people from those who had gained temporary employment during the mid-1970s.

During the first three years of CETA, both of the Public Sector Employment programs enrolled a predominantly male workforce. Between fiscal years 1975 and 1977

Table 6.12

Percent of Participants by Group in Illinois Title VI-PSE Program

Sig. Segment	1975	1976*	1977	1978	1979	1980	1981
Males	63.2	62.5	62.3	62.0	55.9	53.6	52.4
Females	36.8	37.5	37.7	38.0	44.1	46.4	47.6
Under 22	21.6	21.7	22.9	19.4	22.8	21.8	22.2
22-44	62.1	62.5	61.4	65.9	62.0	62.6	64.4
45-54	10.2	9.9	8.9	7.7	10.4	8.2	7.9
HS Dropouts	23.3	23.2	27.4	25.6	27.9	29.3	27.1
HS & Up	76.7	76.9	72.6	74.4	72.1	70.7	72.9
Whites	67.0	66.6	75.2	58.8	56.8	49.5	46.7
Blacks	28.3	28.7	22.3	39.8	41.3	43.7	44.1
Hispanics	5.2	5.3	3.3	5.7	5.9	5.9	8.3
Unemployed	82.6	85.0	85.8	93.0	94.0	93.6	92.0
U.I. Recip.	18.0	17.4	17.5	15.9	9.7	9.3	11.7
AFDC Recip.	7.1	6.8	10.8	10.9	13.1	14.6	21.3

*Five-quarter total.

Source: QSPC.

around 60% of the PSE enrollees were male. However, male participation rates declined steadily after that, so that by 1981 the final year of public service employment males comprised 49.9% of the enrollees in Title II D and 52.4% of the participants in the Title VI counter-cyclical employment program.

The racial composition of CETA participants also changed during these years. In 1977 whites made up three-quarters of the number of participants in each of the two public service employment programs. But during the last two years of public service employment (1980 and 1981) blacks comprised a slight plurality of the enrollees in Title II/IID. The racial composition of the participants in counter-cyclical public service employment program did not undergo such a dramatic change, but in this program as well, participation rates for blacks increased over the years: from a low of 22.3% in 1977 to a high of 44.1% in 1981. The public sector employment program took on a smaller percentage of Hispanics than did the training programs. Except for the first year of CETA, Hispanic participants never made up more than one tenth of the CETA public sector employees.

Despite some marked changes in the distribution of population groups within the public sector employment program, some patterns continued every year. Throughout the life of the public service employment program, except for slight differences in 1977, adults ages 22-44 made up over 60% of the participants in each of two programs. The programs primarily employed high school graduates, although in the public sector employment program for areas of acute unemployment, dropouts and students increased their participation in the program from 20% in 1978 to 34% in 1981. Still, participation rates for high school graduates range from two-thirds to four-fifths.

In all cases but 1975 of the Title II/IID, at least two-thirds of the participants were previously unemployed. Less than a seventh were receiving unemployment payments when they got the job. An eighth were on AFDC. Both programs were predominantly serving long-term unemployed people who had no other sources of income.

After the passage of more stringent requirements designed to target program benefits to the structurally unemployed, women, blacks, AFDC recipients, and the very poor did find it easier to gain enrollment in CETA programs. But at the same time, the data on educational background suggest that many had obtained at least a high school education.

FROM PUBLIC-SECTOR JOBS TO PRIVATE-SECTOR JOBS

Relatively few of the participants in the two public sector employment programs found unsubsidized employment within the time period in which the DOL kept track of their whereabouts. Entered employment rates for Title II/IID ranged from a low of 19.0 in FY 1976 to 39.7 two years later, although for all but two of the seven years in which the program was in operation, rates remained below 30%. The counter-cyclical public sector employment program, Title VI, produced entered employment rates that varied between 18.7% (for 1976) and 37.2% (for 1979 and 1981). In general, participants in each of the two public sector employment programs did not find jobs as easily as participants in the training programs. This also held true for specific population groups.

Comparisons of entered employment rates and representation index scores reveal that blacks, youths, dropouts, and students, and AFDC recipients once again had a harder time gaining unsubsidized employment than they did getting CETA jobs. Similarly, whites, individuals aged 22-44, participants with at least a high school education, and unemployment insurance recipients were overrepresented among the participants who found jobs. Hispanics, one of the more successful groups in the Title I/II BC program, were underrepresented among the graduates of Title II/IID who entered employment and displayed mixed results for Title VI.

Women, however, found public sector employment to be a better path to an unsubsidized job than men: this reverses the pattern that occurred in the training programs. In Title II/IID, entered employment rates for women exceeded rates for men in all but the first year of the program, while female participants in Title VI achieved higher EERs than males during four of the seven years in which program operated.

The superior performance by women in public sector employment programs may be linked to the kind of jobs which they performed for local governments. Most likely, local administrators placed many female participants in low-skill clerical positions and other low-skill jobs, while males in PSE programs tended to perform low-skill blue-collar jobs. As a result, some women picked up skills in expanding parts of the job market in addition to a paycheck from CETA. This probably did not happen as often with male participants.

REGIONAL PATTERNS FOR CETA, TITLE I/II BC

The statewide data may conceal important trends in particular sections of the state. In order to investigate this issue, this study divides the CETA prime sponsors into three geographic regions: Chicago, the suburbs, and downstate. The data include the total number of participants, the total number of terminations, the number of participants who entered employment and the entered employment rate in each program for each region. The total number of participants in Chicago's Title I/II BC program declined by nearly 60% (40,585 to 16,802) between 1975 and 1981. During the last two years of the CETA program, enrollment in Chicago increased but still represented only a little more than half of the number of participants in the first year of the program. In contrast to Chicago, enrollment totals for the suburbs and the downstate prime sponsors remained relatively stable throughout the life of the program. These trends are reflected in the percentage distribution of participants throughout the state during the life of the CETA program. Between 1975 and 1977, Chicago participants made up half of all Title I/II BC enrollees in the state; but by 1983 the city's participants represented only a little more than a third. From 1977 to the end of the program, suburban prime sponsors enrolled approximately one in five of the trainees in Title I/II BC, while the percentage of downstate participants increased steadily from 30.4 in 1977 to 46.8 in 1980, before dropping off to 40.6 during the last year of the program. The basic trend was for Chicago to receive a shrinking share.

Prior to 1980 and again in 1983, suburban participants experienced the highest placement rates in the state. The entered employment rates in the suburbs rose steadily from 35.7 in 1975 to 51.9 four years later. From 1980 to 1982 the entered employment for Chicago graduates of the Comprehensive Employment and Training Program were higher than in the suburbs or in Downstate Illinois. With the exception of the EER for Chicago in 1982, entered employment rates for all regions were consistently lower during the early 1980s than they had been during the late 1970s. The index of representation also reflects this trend. In the early years, Chicago participants were badly underrepresented among the group of Illinoisans who found unsubsidized employment after leaving training programs; but by 1980 the index score had reached +7.7. In the 1981-82 recession Chicagoans did not fare as well, so that by the end of the program Chicago graduates were gaining work at about the statewide rate. Throughout the life of the program, suburban participants were overrepresented among the group who entered employment, while participants from downstate Illinois found it increasingly difficult to gain unsubsidized jobs, their index score dropping from +8.4 in 1975 to -9.3 in 1982.

REGIONAL PATTERNS FOR SIGNIFICANT SEGMENTS: TITLE I/II BC

For the most part, the statewide patterns for various groups also apply for particular regions. Still, our research did uncover some significant regional variations. In all three regions the percentage of CETA participants under 22 years old declined over the years. Throughout the years Chicago took in higher percentages of prime working aged adults (22-44 years old) than the other two regions which may help account for the city's placement rates. In the training programs, the percentage of Chicago participants aged 22-44 ranged between 46 and 59%. Participation rates for prime working age adults in surburban CETA programs were somewhat lower, ranging from 34 to 56%. Downstate prime sponsors took on the smallest percentage of 22-44 year olds (38-50%) and the highest percentage of youth.

In each of the regions, an increasing number of training slots were being filled by high school graduates during the last four years of CETA. However, in the years from 1975 to 1979 when the suburbs experienced the highest EERs in the state this held true for both high school graduates and dropouts.

For all sections of the state, entered employment rates for participants in training programs varied directly with age. Youth had lower placement rates than 22-44 year olds and 45-54 years olds tended to gain employment at a faster rate than anyone else. Throughout the state, entered employment rates for participants aged 21 or less rose during the late 1970s and fell thereafter, possibly reflected a rapidly deteriorating economy. During the 1970s suburban youth gained employment more easily than their counterparts in Chicago and downstate; thereafter, Chicagoans under the age of 22 enjoyed the highest placement rates. Throughout the history of Title I/II BC programs, youth in downstate Illinois fared worse in their search for employment youth than elsewhere in the state.

Minority participation increased and the suburbs were generally most successful in placing trainees. In the suburbs and downstate participation rates for blacks and Hispanics increased by 5 to 10% after the program's reauthorization in 1978. In Chicago, participation rates for blacks, whites, and Hispanics remained relatively constant throughout the history of the CETA program. For all programs, suburban white participants found employment more easily than did whites in other parts of the state. Placement rates for blacks do not follow such a neat pattern. In Title I/II A suburban and downstate blacks experienced higher EERs than did blacks in Chicago during the first four years of the program. After 1978, entered employment rates for blacks in Chicago were higher than elsewhere in the state. However, for the two public sector employment programs blacks in Chicago did not gain employment as readily as blacks who were employed by PSE programs in the suburbs or downstate. Throughout the state, entered employment rates for Hispanics were highest in Title I/II BC in contrast to the two public sector programs. In fact, for some years EERs for Hispanics exceeded 60%.

In all areas of the state, participation rates for AFDC recipients in Title I/II BC programs rose slightly after 1978. Specifically, from 1978 to 1983, the participation rate for AFDC recipients rose from 14% to 25% in Chicago; from 13% to 18% in the suburbs; and from 18% to 22% downstate. Throughout the state, however, AFDC recipients experienced far below average placement rates. Although there was a clear goal of using job training to move people off welfare, those who were trained often got no job.

REGIONAL PATTERNS FOR THE EMPLOYMENT PROGRAMS

In the public service employment program for the structurally unemployed, Title II/IID, enrollment increased steadily in Chicago and downstate between 1975 and 1980 and then fell off during the final year of the program. Suburban PSE programs grew less and reached peak enrollment in 1979. After 1979 surburban prime sponsors cut back the programs. As a result, the percentage of suburbanites in Title II/IID programs dropped from around 25% in 1978 to only 13.5% in 1981. Over the course of program, downstate participants were accounting for an increasing percentage of total enrollment.

The Title VI program followed a similar pattern of each region first increasing until 1978 and then cutting back. Again the number of suburban participants fell most rapidly from by 28.4% of the state total in 1978 to only 17.5% three years later. Chicago's share grew, reaching 39.2% in 1981.

REGIONAL PATTERNS FOR POPULATION GROUPS IN PSE

In each of the two public sector employment programs, fewer than one in five of the participants in Chicago were youths. Participation rates for youths in suburban and downstate prime sponsors were generally a few percentage points higher. Among all regions of the state 22-44 year olds in the two public sector employment programs also found employment more easily than younger participants. Only a very small number of people aged 45 to 54 participated in the employment programs. Everywhere in the state, adults had higher entered employment rates than youths. The placement rates for youths in Chicago were even lower than in the other two regions.

Throughout Illinois, participation rates for blacks and Hispanics in public sector employment programs increased by approximately 5 to 10 percentage points after 1978. This corresponds to the trend found in the training programs and probably reflects the implementation of regulations accompanying CETA reauthorization. By the early 1980s, blacks in Chicago had a higher proportion of the desirable PSE jobs than participation in the training programs. The reverse was true for the suburbs and downstate: whites constituted a higher percentage of the participants in PSE training programs.

For most years, blacks were underrepresented among the group of CETA graduates from each program who found employment. The one exception is Title VI in Chicago, where blacks were slightly overrepresented during the years 1975, 1978, and 1980. On the other hand, the percentage of Hispanics were overrepresented most years in Chicago. Elsewhere, Hispanics entered employment at about the expected rate given their rates of participation.

In the Title II/IID the participation rate for high school dropouts in PSE rose by around 10 percentage points in each section of the state after 1978. However, by 1981, the final year of the program, high school graduates still outnumbered students and dropouts by around 7 to 3. In the other public sector employment program, Title VI, participation rates for graduates and nongraduates did not display any particular trends. Each year, high school dropouts constituted about 20 to 25% of the participants in PSE programs in Chicago and the suburbs. In downstate Illinois, the participation rates for dropouts were somewhat higher, ranging from 25.7 to 32.7.

Both dropouts and high school graduates who worked in Chicago's public sector employment programs did not do as well as their counterparts elsewhere in the state. In all programs and in all regions of the state, individuals with less than a high school education were underrepresented among those finding jobs—except for Title VI participants in Chicago in 1980 and 1981.

Similar increases in participation of AFDC participants took place in all three regions for II/IID; much like the pattern in Title I/II BC. However, the increases were more dramatic. For instance, in 1978 only around 5% of the participants in Chicago's Title II/IID program were AFDC recipients, but by 1981 the rate of participation for

AFDC recipients had risen six-fold. Corresponding increases for the suburbs and for downstate were from 6.7% to 17.2% and from 9.1% to 21.5% respectively.

AFDC recipients in Chicago also made up a higher percentage of Title VI participants in the latter years of the program (although the absolute number of AFDC recipients in this shrinking CETA program actually declined during this period). However, for the rest of the prime sponsors the participation rates for AFDC recipients in Title VI rose by only 2 percentage points after 1978.

AFDC recipients who enrolled in Title VI programs did considerably better over time, at least in Chicago and downstate. EERs for this significant segment reached 40% in Chicago and 39% in downstate Illinois. There were few suburban AFDC participants.

CONCLUSION

The twelve years of data on the two major federal job training programs studied in this chapter shows both considerable changes within the CETA system as national policies, priorities, and funding changed, and significant differences between CETA and the JTPA system. CETA was a much larger program, particularly at its peak from 1976 to 1978, and a program that was increasingly targeted at workers with very serious training needs from the time of the 1978 amendments to the beginning of the Reagan Administration. In contrast to the JTPA program, the CETA program made a major effort to create jobs for workers in areas without adequate private employment. This Public Service Employment was particularly important in Chicago. It was initially used primarily to give jobs to workers with relatively slight disadvantages but was increasingly effectively targeted toward the poor, minorities, and women after Congress changed the policies in 1978.

Participation in the basic training programs changed over time and changed between CETA and JTPA. We found a 50% decline in the number of blacks enrolled in JTPA compared to CETA and an even more substantial drop in the relatively small numbers of Hispanics in the system. There was a very clear decline, however, both in the final years of CETA and in JTPA in the service provided to high school dropouts. The JTPA average proportion of dropouts was only about half the average level under CETA, in spite of clear evidence of the severe lifelong employment problems dropouts face. Overall, the number of youths entering job training has dropped by almost half since the peak of CETA.

JTPA entered employment rates were far above the levels recorded under the CETA program. This reflects, in part, the greater selectivity of the JTPA program and the higher educational level of its participants, as well as the placement standards which cause training agencies to lose funds and contracts unless a specified placement rate is obtained. (The various consequences of this policy will be analyzed in depth in chapters 10-12.) If one considers total positive terminations rather than simply entered employment figures, the relationship between CETA and JTPA is much closer. It is interesting to note that the placement rate declined significantly in Illinois during the second year of JTPA while other positive terminations (including continuing education) rose sharply from an extremely low level.

Throughout both programs there has been selectivity not only in participation but also by employers in responding to those trained in the programs. Certain groups, including youth, blacks and welfare recipients, have always experienced disproportionate problems finding work even if they get into and complete a training program. The data do not explain the differences—they are probably related to a variety of causes, including discrimination and physical isolation from job sites—but it does point to a problem that program planners and civil rights officials must always be cognizant of in designing and operating training progrmas.

The data do suggest that the job training system is highly adaptable. National policy and appropriations changes were almost immediately reflected in the size and composition of the group offered job training within Illinois. At several points in the past twelve years these changes made very clear differences in participation within the first year after they were adopted. The data suggest that if government wishes to address job training needs on a larger scale or in a different way in the future that it possesses machinery to produce a rapid response.

Chapter Seven

State Discretion and the Shaping of the JTPA Program

The Job Training Partnership Act was enacted during an important period of reorganization in Illinois. It challenged a state bureaucracy, which had experience operating programs only in rural and small town portions of Illinois, to assume leadership on a statewide level. This would involve serving training needs in a state which includes the nation's third largest urban complex, metropolitan Chicago, and a number of smaller highly industrialized cities which are experiencing very rapid and dramatic economic decline. The task was to develop programs in order to meet a number of demanding placement standards, to devise policies with little or no help from the U.S. Labor Department, and to operate these programs with reduced administrative budgets. In addition, the staff hoped to further the Governor's economic development program and to avoid the scandals that had erupted in Chicago and elsewhere in previous training programs. This chapter and portions of several others will discuss how the state officials have handled those responsibilities, what the impact has been on the people of Illinois who need job training, and what the experience shows about the ideal of "new federalism" that underlies this new approach to job training.

THE ADMINISTRATION OF JTPA AT THE STATE LEVEL

An assessment of JTPA programs in the policy-making structure of Illinois should demonstrate how policy decisions are the product of shifting interpretation, focus, and scale in reaction to new economic realities, or emphases, and fiscal restraints. The act places the major financial responsibility on the state to create and maintain its own network of programs aligned as much as possible with its perceived training needs and political goals. This positioning of power determines how problems are addressed and how they are redefined. To adequately evaluate program performance, this chapter will examine how state and local officials have interpreted the objectives of JTPA in light of its standards and its restrictions. It will explore the initial operation of JTPA in Illinois and its basis in CETA and will give special attention to the following issues: the organization of the state into Service Delivery Areas, the decision on where to locate Title III programs, the nature of 8% state set-aside grant usage, implementation issues between the state and local administrative entities, and the general problem of interagency coordination at the state and local level. Other chapters will cover problems stemming from the state's information system and civil rights compliance issues.

State Discretion and the Shaping of JTPA

The state agency with primary responsibility for JTPA emerged as the Department of Commerce and Community Affairs in late 1979 from the reorganization of three departments: Economic Development, the Governor's Office of Manpower and Human Development (GOMHD), and the Department of Local Government Affairs. Previously, job training related programs were operated by several committees and councils with the balance of state planning situated in the governor's Office of Manpower. The Department of Commerce and Community Affairs (DCCA) incorporated the state units implementing CETA programs a year before the 1982 transition year. This consolidation of agencies reflected a philosophy which anticipated JTPA: that job training should be less of a social service than an economic development tool. This was the basic goal of Gov. James Thompson's GOP state administration.

According to DCCA director of job training programs Dennis Whetstone, "Illinois had no formal transition period" [Whetstone, December 1984]. The professionals who took charge of reorienting Illinois job training came out of Governor Thompson's statewide grant program staff. Their background represented the political expertise the governor wanted to accomplish his agenda. This higher-level staff undertook a "function-oriented restructuring" of existing programs to reflect an expanded emphasis on the governor's role in statewide coordination of services [O'Brien, December 1984]. The early placement and operation of Illinois JTPA systems demonstrated the ease with which state-level objectives anticipated the new federal regulations. DCCA staff skillfully planned and executed federal timetable guidelines and reduced the existing duplication of responsibilities and funding sources; in the process, the job training division was reduced from a staff of approximately 125 to 85.

The structure of the Job Training Partnership Act requires a remarkable degree of efficiency in the new state level implementation of federally funded job training. DCCA staff are particularly concerned about the 15% limitation imposed on administrative expenditures under JTPA. "Now the full impact of administrative limitations is settling in; we can operate the program, but we cannot do evaluation or research and can do only limited preventive technical assistance" [O'Brien, October 1985]. "Resources are not available for any valid follow-up. I see administrative constraints as a real tough restraint in optimizing the program" [O'Brien, December 1984]. Program development has been hampered because they have been unable to integrate the management of programs with current information. Clearly, effective program operation should include a greater allowance for data collection, dissemination of information, and follow-up activities which will provide feedback on the usefulness of different programs.

The new kind of authority placed on state government has created an anxiety which has affected how programs are managed. State officials are concerned that the Department of Labor has not communicated enough about how it expects JTPA to be implemented. DCCA staff told us that DOL "has steadfastly refused to answer any questions about liability; this encourages the worst form of paranoid behavior" [Whetstone, December 1984]. They feel that they must protect the governor's interests because JTPA states that "you are responsible for every dime," and therefore more monitoring is needed than under CETA [Whetstone, December 1984]. DCCA does not have the funds to do any follow-up research on JTPA clients; at the same time, they feel that the federal government is busily checking up on them indirectly. "The rigid federal bureaucracy has not gone away, it has just gone underground" [Whetstone, December 1984]. They are told they are responsible for enforcing "every single word" in the JTPA legislation. "We've been surveyed and resurveyed, monitored and remonitored by everybody" [Whetstone, December 1984]. The concern has been primarily about expenditures. DCCA's concerns about future liability have affected the tone of their communications to local grant recipients. Straightforward responses to DCCA's questions would indirectly alter the perceptions that local officials have formed of how they should run their own programs.

The supervisor of program development, James O'Brien, told us that DCCA wanted to approach job training comprehensively rather than allow policies to be dispersed by category as under the CETA system [O'Brien, December 1984]. DCCA "needed to take risks" to get the new structure in place [Whetstone, December 1984]. O'Brien and his staff procured numerous evaluation projects and policy papers to help them plan for major areas of concern: effective service to significant segments of the population and adequate attention to urban specific needs. "We focused more money toward cities and knew where gaps were when we streamlined" [Whetstone, December 1984]. They tried to create a consistent focus while taking into account existing priorities. As the transition year began, evaluation studies were put aside, and administrators concentrated on getting their program to work.

The governor's office took an active interest, but did not prescribe to DCCA; they "get involved to the extent that we want them to" [Whetstone, December 1984]. DCCA is expected to implement state priorities. These remarks are echoed by the governor's office staff, whose emphasis is on maintaining consistency between the programs and promoting the governor's goals. They are responsible for investigating problems before they involve the governor personally. They "go to bat for the state" when higher authority is needed to negotiate with the federal bureaucracy [Wolfe, March 1985].

The governor places the bulk of planning responsibility on DCCA, though he has created an employment and economic development subcabinet to oversee and encourage coordination. His staff and the directors of all the state agencies involved meet monthly to help each director evaluate and modify his/her agency's contribution to JTPA related services. The subcabinet, in existence since early 1984, "represents the closest we come to strategic planning" [Wolfe, March 1985]. The governor's staff believe that by providing another channel of discussion, they can lift communication problems out of the level of competing bureaucracies to resolve issues which arise from neglect or historically uncooperative relationships.

Primarily, the governor's basic goal, and political agenda, focuses on marketing Illinois and encouraging economic development. This overall strategy guides the importance given to job training related issues and has led to a greater emphasis within the job training division on job creation through marketing incentives which may include ready trained workers for relocating industries. As an agency, "DCCA's overall objectives are to provide more jobs for Illinois citizens and to achieve the highest quality of life possible in every Illinois community both for residents and businesses" [Department of Commerce and Community Affairs, December 1984: 4]. Dennis Whetstone told us that they want to achieve "a more balanced orientation": "(we try) to create some jobs, then train some people for those jobs" [Whetstone, 1 May 1985]. What kind of direction does the agency give to job training programs? How successful are they in combining the purpose of JTPA with the goals of their organization?

DCCA job training staff are pleased with the authority they have under JTPA. "Increased authority allows us to accomplish state specific agendas" [Whetstone, December 1984]. They view the role of their department in relation to local SDAs as more service oriented than regulatory. This attitude illustrates the evolution that has taken place in the political structure of job training service delivery in Illinois. DCCA is promoting the governor's interests by "imposing coordination," seeing that statewide programs do not give special treatment to particular areas, and educating the State Job Training Coordinating Council and the administrative entities on how to run the program [Whetstone, December 1984]. Yet, they not do want to impose program-specific goals and objectives; they stress that local needs can only be met by unique programs which are to be designed by local business and community leaders [Whetstone, December 1984]. At the same time it favors local initiative, however, DCCA closely monitors the degree to which local agencies meet the federal performance standards for placement rates and costs.

The purpose of JTPA is "to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment" [Public Law 97-300, Section 2]. Responsibility for meeting this challenge in Illinois rests on the combined efforts of DCCA and the Illinois Job Training Coordinating Council (IJTCC) under the authority of the governor. These institutions represent the cooperation of private industry, government, and community-based organizations to meet local needs. Major decisions are considered by the IJTCC. Though the act authorizes the Council "to obtain the services of such professional, technical, and clerical personnel as may be necessary to carry out its functions," [Public Law 97-300, Section 122] DCCA acts as the Council's staff. The Council has legal responsibility to develop criteria for running the program. Dennis Whetstone sees the Council as "advisory to the governor" [Whetstone, December 1984]. DCCA staff are assigned to prepare for monthly meetings, presenting material to Council members at their request. In addition, they provide information on implementation issues which DCCA must resolve to run programs smoothly.

The IJTCC, as most policy-making bodies, has a range of members whose background and interests are varied. Some members are administrators at the local level. They have dual roles in JTPA, helping make the state policies affecting their own agencies. Other members represent local community organizations and businesses. Those without CETA experience are at a disadvantage, and they have been unsure of their role. The IJTCC makes policy recommendations through several committees, each of which are staffed by a DCCA representative. Once a recommendation passes through a committee, the entire Council considers whether to accept it as a new rule.

The Association of Employment and Training Directors (AETD) meets at the same time as the IJTCC to deliberate over policy issues concerning local administrative entities. The SDA directors and directors of the Dislocated Worker Centers have joined this group. This organization and the IJTCC request that DCCA explain and justify new policies. The Director's Association is particularly interested in policies affecting paperwork requirements and financial matters [O'Brien, October 1985].

There is a potential conflict of interest: DCCA is the major source of information, yet it must act in its own interests as a state agency. On the issue of state set-aside grant usage, DCCA staff admitted that they had chosen to seek approval from the Council; they "allowed the Council power to decide but feel that DCCA should do it" [Whetstone, December 1984]. A tension exists between DCCA's desire to serve and its own administrative inclination to run JTPA programs in what the staff sees as the most efficient way.

In addition to the dominance of management and compliance issues, policy development has been hindered by the Illinois Administrative Procedures Act. "We literally had to deal with changing circumstances" [O'Brien, December 1984]. The legislature has a committee to monitor rule making in programs by state departments. Before DCCA can issue any new regulation concerning the management of JTPA, the regulation must pass through their committee. The Joint Committee on Administrative Regulations (JCAR) can effectively check the power of the governor to activate new policies. "JCAR forces the executive branch to define the use of discretion in advance. . . . Rules take a very long time to promulgate—in excess of 100 days to get approved" [O'Brien, October 1985]. The process is cumbersome and lengthy and forces DCCA to show the legal basis for proposed rules.

The deluge of activity surrounding basic implementation issues has made state officials wary of interest groups which make demands DCCA sees as superfluous. In fact, when questions are raised concerning what are potentially controversial decisions about the collection of participation statistics, for example, a member of the Program Review Committee, told us that interest groups were asking for information [Monaghen, February 1985].

Administrators often issue new technical assistance letters to the local entities. These have been dubbed "ad-hoc policy letters" as they are specifying an intent to regulate. Getting new regulations through the Illinois regulatory process takes too long; DCCA staff are compelled to issue frequent policy letters each time a new situation appears to warrant a change in procedure. JCAR was reviewing all of the policy letters during 1985.

Much of the updated requirements concern expanding the collection of eligibility criteria. Dennis Whetstone has admitted to us that this has "slowed client flow." "Paperwork all revolves around intake and placement." In response to complaints, Whetstone told us, "we don't apologize one iota" [Whetstone, December 1984]. Though service is more important, the emphasis on regulation is necessary so that DCCA's interpretation of the act is there for the federal auditors to see. "The process is cumbersome," according to Whetstone, it forces his hand. "If you can show me one place that we can reduce. . ." [Whetstone, December 1984]. SDAs, however, often describe the state as more red-tape-oriented than the old federal offices.

SERVICE DELIVERY DESIGNATION AND ITS IMPLICATIONS

An early political struggle centered around the designation of service delivery areas, particularly in the case of Northern and Southern Cook County (surrounding Chicago) and Peoria. Each reflected different levels of confrontation but illustrates the difficulties with which state bureaucrats were faced in interpreting the federal criteria for service delivery networks as well as the impact of state and local politics [Public Law 97-300, Section 101]. Despite the early preparation for the transition year, state officials had to move quickly to get the structure in place; there was not much time for the new Coordinating Council to review and recommend how programs were to be assigned. The Council was given the option to draw up the map, but opted to go along with procedures to speed the transition from the CETA Prime Sponsor Units [O'Brien, October 1985]. DCCA staff felt pressured to come up with viable proposals which they had to push through Council proceedings [Whetstone, December 1984]. Though the act mandates that it is the Coordinating Council which recommends substate delivery areas to the governor, essentially the decision was made before they voted on the issue.

Northern and Southern Cook County suburbs had been combined under one CETA Prime Sponsor. DCCA job training staff had set a high priority on conserving expertise from CETA field administrators and keeping tensions or conflicts to a minimum. These were the guiding principles when they drew up a proposed service delivery map [Whetstone, December 1984]. The difficulty in enforcing these principles lies in the fact that JTPA requires a major shift in the power of job training administration. Local administrative entities under CETA were used to dealing with the Department of Labor while the state had left them alone. Federal officials had power to define service areas. Now that a shift was to take place which did not impact on the allocation of their funding, local leaders with some political sophistication could take advantage of the situation and assert autonomy. This was the case in Cook County. A group of northern townships were organized into a concentrated effort to divide the original Prime Sponsor, asserting that the needs of their jurisdiction are different from their neighbors to the South. The most obvious difference remains that Northern Cook is on a far more solid economic base than Southern Cook; unemployment is lower, job opportunities are greater, and businesses are settling there at a much greater rate than in the south. Northern Cook representatives argue that Cook County is simply too large and that services to the north were not in proportion to the need. "The need here is not obvious" [Laine, January 1985].

According to DCCA staff, the law contains contradictory provisions for the designation of service delivery areas. It requires that each reflect effective delivery which is consistent with the range of related services and with standard labor market areas. This implies that designation provide efficient means of service delivery. On the other hand, the law gives local (contiguous) jurisdictions the right to petition for designation [Public Law 97-300, Section 101; Whetstone, December 1984]. It is debatable whether the Northern Cook jurisdictions are actually contiguous.

Members of the IJTCC were supportive of the petition from Northern Cook. DCCA staff were concerned about the potential impact of the decision. They wanted "to avoid tension which could arise within or toward the Council [Whetstone, December 1984]. Initially, Illinois officials ruled that the townships did not meet the requirements of the JTPA law, but an application was then submitted by a group of suburban municipalities and approved by the governor [Whetstone, August 1985]. The Director of the Southern Cook County SDA believes that the split "has separated the job market from poor people; we will never be able to solve the transportation problem" [Monaghen, November 1984]. The state's decision to divide Cook County was politically motivated and results in less opportunity to coordinate services and labor market information, and it hampers access to jobs by unemployed workers. The Secretary of Labor, on Monaghen's appeal in 1983, deferred to the designation map approved by the governor. Another attempt to combine the two areas was made in 1985. The governor ruled that the circumstances had not changed from his earlier consideration; redesignation would be unwarranted. Dennis Whetstone said that he thought that there were enough eligible potential enrollees in Northern Cook County. "I refuse to accept or even acknowledge that there are not enough people who need training" [Whetstone, May 1985]. Our research has shown, however, that Northern Cook training agencies often face problems finding eligible trainees, while there is excessive training demand and more difficult job placement in Southern Cook.

In the case of Peoria, local elected officials made the choice to split East Peoria off into another SDA. The Private Industry Council administrator in Peoria attributed the division of the SMSA labor market area to Tazewell County politicians' desire for autonomy and to the concentration of blacks in Peoria's southside. Because the demographics in the two SDAs are quite different, calculations for service to significant segments are different. The split has resulted in "lost opportunities;" the two SDA staffs "look like Keystone cops" when they are developing job opportunities for their clients [Kohlbuss, January 1985]. An economist in the governor's Office of Planning told us, "any economist will tell you that they wouldn't split Peoria and Tazewell County"

[Kimmel, April 1985]. DCCA had no control over the decision to split Peoria. State officials feel that there should be better coordination between SDAs and that JTPA clients should be able to enroll across boundaries, but they admit that local politics makes this a touchy issue. The state will not mandate coordination; its power "is limited to whatever we get by with as coordination criteria" [Whetstone, May 1985].

DISTRIBUTION AND CONTROL OF TITLE III FUNDS

In addition to the SDA designation, the other major decision concerned the placement of the Title III Dislocated Worker programs. Total control of this program is vested in the state. The Dislocated Worker program was entirely new and, therefore, did not require transition from a CETA program. Illinois took the opportunity to get an early start on developing a delivery system. Even before the transition year began, DCCA staff sent out requests for proposals. Originally, DCCA expected that $1.2 million would be available for the start-up year. When the Emergency Jobs Bill was passed, they had a total of 5.2 million for the program. The state's requests for proposals had already generated responses. Most of these proposals were from community colleges which were eventually chosen to run the program. State officials encouraged community college involvement.

The governor's office puts a strong emphasis on economic development and views the community college system as a way to marshal local resources. They "wanted a rapid response network capability," said a high gubernatorial aide [Wolfe, March 1985]. The colleges could be used, then, as a community support mechanism which would train for jobs that exist. This reflects a recognition that the preparation of clients should be kept consistent with the needs of the private sector [Whetstone, December 1984]. Community colleges are well dispersed and historically have had much experience with vocational training. According to the governor's staff, they wanted to utilize what was already in place. By assigning the Title III programs to the colleges, the governor would heighten their role [Wolfe, March 1985]. DCCA staff felt they needed the "built-in infrastructure" the college system offered in order to get the Title III programs running quickly according to federal guidelines. In fact, Illinois was one of the first states to get a major program under way.

The governor's office sets a high priority on statewide growth. Allocation of Title III funds reflected this as Chicago received less than is proportional to its unemployment rate. The state assured that enough money would be available on a statewide basis to get the centers going. Otherwise, "we would funnel tremendous amounts of money into Chicago without a clear idea of what would happen with it" [Wolfe, March 1985]. The governor's staff feels that it is in a better position to lobby for supplemental federal funds for Chicago and remarked that state Enterprise Zones were disproportionately targeted to the city.

The idea that growth should be distributed statewide illustrates the dissemination of the Reagan era "New Federalism" beyond the federal level. Urban areas should not receive special treatment, according to this philosophy, even if their need is much greater. Economic growth is best accomplished in the aggregate [U.S. Department of Housing and Urban Development, 1982]. The implication is that cities should learn to manage themselves, that federal aid aimed at urban problems is an inefficient allocation of funds. State Enterprise Zones are intended to strengthen the operation of the free market by providing tax incentives for businesses to locate in targeted areas. Yet, there is no requirement that these businesses hire disadvantaged workers from these areas. The state has also declared some nonpoor downstate industrial sites "enterprise zones."

This attitude towards urban policy reflects a mistrust in the ability of government programs to provide solutions for deeply-rooted urban problems. Metropolitan Chicago has experienced the loss of numerous industrial plants and a massive shift away from the manufacturing base for which it had been famous. In the struggle to recover its revenue base, the city of Chicago has not been able to concentrate on relieving its unemployment problems and is unlikely to succeed without help. In addition, a strong dislocated workers' program would be difficult to achieve at present due to complex bureaucratic problems within city government. State-level actors were reluctant to tackle Chicago's administrative structure, preferring a wait and see approach.

As the 1984-85 program year progressed, it became apparent that Chicago's Title III program was having problems. "There had been an escalating degree of corrective action taken by DCCA. An increasing process of discovery (of the extent of these problems) contributed to a growing frustration. A large team of people were sent in to do file reconstruction" [O'Brien, October 1985]. The Chicago program had expended a fraction of its allocation on relatively few clients during its first year of operation. The Chicago Title III program "is an embarrassment in the U.S." according to the state JTPA director Dennis Whetstone [Whetstone, May 1985]. DCCA preferred "the least amount of intervention" by prescribing incremental steps and is considering state-initiated performance standards for Title III. If these programs are "decentralized beyond a certain point," said Whetstone, "we sacrifice decision making and control." By imposing a plan, DCCA "would condition continued receipt of money" [Whetstone, May 1985].

DCCA administrator O'Brien pointed out that performance standards are difficult to measure in Title III. There is no clear definition of who should be considered a dislocated worker [Public Law 97-300, Sec. 302]. The problem of defining eligiblity for the program has haunted state officials who are concerned that implementation of Title III will come under the scrutiny of federal accountants. The state issued a series of policies to deal with this problem. O'Brien was aware of the "participation problem" in Chicago's Title III and feels that "it does not bode well on the program as a whole because of its size" [O'Brien, April 1985]. "A policy for recapture of funds will be the first step in the state's response" [O'Brien, April 1985]. This will also mean that the city must return discretionary funds for use in other areas.

Cutting off funds is a form of punishment which limits service to a large proportion of the state's population. DCCA staff need to exercise administrative control over the funds they allocate; at the same time, they do not want to go in and tell their grant recipients how to run their programs. Yet they do not know how to target or monitor the Title III system. "The law is totally vague," O'Brien remarked. It is an issue for the IJTCC, according to James O'Brien, but the JTPA requirement of equitable service for substantial segments was not written for the dislocated workers program. The state would "need to issue enrollment goals" recognizing that "anything you do is probably going to be more restrictive than the act" [O'Brien, April 1985]. DCCA would need to put together a data source which would roughly approximate the definition of eligibility adopted by state JTPA policy-makers [O'Brien, April 1985]. O'Brien stated in late 1985, "We have developed a band of performance standards to reasonably target each contract" [James O'Brien, October 1985].

One state administrator expressed concern that DCCA assert its authority over the Title III centers. The Community College Board "has been real self-serving," he said. "They argue 'we should have equal footing' (with the SDA administrative entities)"

[Interview, May 1985]. By placing the program in the college system, "we have created a monster." SDAs are established as entities in the law, but Title III is under DCCA's discretion. Title III directors expect that they will have equal input into decisions concerning their programs. There is no intermediate agent between DCCA and these centers. The centers operate independently of the SDAs and serve a narrower and better qualified group of workers. Sometimes they compete. Both centers and SDA contractors may, for example, be attempting to make on-the-job-training arrangements with the same employers at the same time.

THE FATE OF THE 8% EDUCATION SET-ASIDE

DCCA, for its part, is directed by the governor's Coordination and Special Services Plan (criterion A, paragraph 3) to "ensure that SDAs work closely with the economic development agencies in their local areas." DCCA officials are generally enthusiastic in supporting the governor's push for economic development. This emphasis is reflected in the use of the 8% Education Coordination grant, which is the most flexible source of JTPA funds available to the governor since no federal performance standards apply and since 20% of the people served in 8% programs can be "noneconomically disadvantaged." They must, however, be JTPA eligible on the basis of some other barrier to "employment" [Darr, Hahn, Osterman 1985: 7]. The law provides funds under this section for "education and training, including vocational education services, and related services to participants under Title II" [Public Law, Sec. 123c1]. The 8% program is in the jurisdiction of the Retraining for Employment Committee of the IJTCC, which recommended that, at least for the transition year, all of these funds be administered by the Illinois State Board of Education, just as a similar set-aside had been administered under CETA. The Council approved and passed this recommendation on to the governor, but it was rejected by him on the advice of his Subcabinet on Employment and Economic Development.

Convened by the governor's staff member Paula Wolfe and consisting of high-level administrators from each state agency which deals with economic development and employment training, the subcabinet coordinates all job training and economic development activities in the state. JTPA is just one of their concerns. For the 8% funds, the governor accepted the recommendation of the subcabinet, which was to leave only 75% of the funds with the Illinois State Board of Education (ISBE), turning the other 25% over to the administration of the Illinois Community College Board (ICCB).

Though this decision may appear to display a new concern with vocational education through the colleges, it should be noted that under CETA the ISBE allocated a full 56% of its set-aside funds to vocational education contracts at local community colleges. Thus the decision to split the funds is more easily interpreted as reflecting Governor Thompson's emphasis on using the colleges for economic development and his administrator's low regard for the state board of education. This interpretation is supported by JTPA Director Dennis Whetstone, who asserts that the economic development thrust is driven by DCCA, the Subcabinet on Economic Development, and the IJTCC [Whetstone, May 1985].

This is reenforced by the ICCB's statement in their Proposed Plans for PY 1985 that "The Illinois Community College Board staff proposes to use its PY 1985 JTPA State Education Coordination Grants allocation to conduct training and economic development activities to increase services within the educational/JTPA system" [Edgar, 12 April 1985]. Accordingly, ICCB's Proposed Plan which was included in a memo dated 12 April 1985 allocates 30% of total ICCB 8% funds to Procurement Centers and Special Business Assistance Center Projects. One-third of this comes from the 20% administrative funds, but the proposal would allocate 25.5% of the 80% training funds within the 8% for economic development. These are new nontraining expenditures that did not exist under CETA.

Another economic development activity supported by ICCB's 8% funds is an "Economic Opportunity Set-Aside," which consumes 16% of the 80% training funds. The set-aside does provide training "to assist in the recruitment and expansion of industries in Illinois and to respond to other situations such as plant closings" [Darr, Hahn, Osterman 1985: 12].

Of the remaining funds, 12% of the training portion is targeted for "High Technology Training" which includes "data processing, electronics, allied health, and engineering technologies." Of the training portion, 42% is allocated for "Comprehensive Adult Employment Development" (CAED), which funds a large number of programs offering counseling, testing, job search assistance, vocational training, and remedial and basic education" [Edgar, 12 April 1985].

Recalculating in October 1985, James O'Brien asserted that nine-tenths of the 8% funds which are allocated to training (80%) actually are used for some type of training, but he admitted that "very little goes into academic or remedial training." In fact, the portion of the funds that goes to the state board of education is used in part for training at-risk youths [O'Brien, 2 October 1985].

The 8% education coordination grants are used for a wide variety of purposes ranging from supporting small programs devised to aid the hard-core unemployed or youths who have little choice without special assistance to economic development grants, which help businesses expand their labor force or move to a new area by underwriting training costs. Some of these programs serve people with very severe needs for job training programs while others had no requirements for demonstrating need beyond general JTPA standards.

During the first program year the total funds came to $10.8 million, with three-fourths budgeted to the State Board of Education and one-fourth to the Illinois Community College Board. The state board of education budget included a number of programs targeted on special need groups, together with a confusing array of other concerns. There were special programs, for example, for dropouts, for the handicapped, and for residents of public housing programs. There were also programs, however, that had little connection to urgent training needs, such as support for teacher training, $1.5 million general "education and training grants" funds for placement of computers in schools, funds for data collection, funds for vocational education, and funds to be added to industrial development and enterprise zone financial packages in the hope of encouraging development. During the program year, there were 7900 people enrolled in programs funded through the education board's use of the 8% funds [Illinois State Board of Education "PY '84 Close-Out Report," 30 August 1985].

David Pierce, executive director of the Illinois Community College Board, had experience with the use of community colleges as business assistance centers beginning in Mason City, Iowa, around 1975 when the community college there became the leading generator of new jobs by providing businesses with the trained manpower [Pierce, December 1984]. Illinois began a pilot program of business assistance centers under CETA, which JTPA Director Dennis Whetstone termed "tremendously successful" in getting new business or expanding existing businesses [Whetstone, December 1985].

Both favored using the flexible 8% funds under JTPA to involve the community colleges in economic development activities.

This has been a controversial decision. The compelling argument for economic development is that training people for jobs that don't exist is a futile effort, and thus a state should concentrate on bringing in new jobs and then training for them—the two can be linked by offering to customize training for a prospective business or by offering subsidized participants for on-the-job-training.

The 8% funds that went to the community colleges (which had received no funds from CETA budgets) were not targeted at the neediest populations. During the second half of 1985, the community college board allocated $2.4 million. Of the total funds, 10% went for administrative costs, 30% for business assistance centers on campuses, 10% for high technology training assistance, 13% for funds to "assist in the recruitment and expansion of industries in Illinois and to respond to other situations such as plant closings. Thirty-four percent of these funds are provided for "comprehensive adult employment development, to be used as the community college decides. Many use these funds for remedial and basic skills training [Illinois Community College Board, February 1986].

The 8% funds are widely scattered in Illinois, often in such small sums for a given area that it is hard to imagine any significant impact. What is clear is that very little funds are used in Illinois for addressing the issues of effective coordination of education and job training efforts, particularly in communities with high dropout and high youth unemployment rates.

SDA Director Terry Kohlbuss of Peoria is an advocate of using JTPA funds for economic development. Kohlbuss criticizes budget constrictions for limiting the amount of JTPA money that can go into economic development and states that if it were up to him, he would use JTPA money to publish advertising brochures which advertised the Peoria area to prospective employers and explained the services which JTPA could offer. Kohlbuss also wanted JTPA used for the undertaking of plant reuse studies and even for the creation of a loan pool to be used for incoming businesses. The Peoria area's high unemployment (9.2% at the time of the interview in January 1985) makes economic development activities crucial to future employment prospects, Kohlbuss believes. Otherwise, JTPA will only accomplish the move of a limited number of workers to higher positions in the applicant lines for an inadequate number of jobs.

The drawback is that businesses which take advantage of JTPA-funded assistance are not bound to hire JTPA participants if and when new jobs open up. Nor is there any assurance that they would not have made the same investments without subsidies from the government. Nor is there clear evidence that the economic development programs actually create new jobs.

ICCB Grant Administrator Scott Edgar points out that the community college business centers are funded mostly by state general revenue monies, with only a tiny portion of the funding provided by JTPA. He says that while business center efforts have resulted more in retention than in new employment, Peoria Central has succeeded in bringing contracts totaling $3.2 million into the state through their procurement center [Edgar, April 1985]. Pursuit of new industry is highly competitive among the states, adds state JTPA Director Dennis Whetstone, making Illinois reluctant to "bang them with any first-source agreements" up front [Whetstone, May 1985].

Yet John Taylor, DCCA's supervisor of Policy and Planning Development, asserts that there hasn't been any in-depth evaluation of the Procurement Centers, and that the state administration doesn't know how many jobs the centers have created or how much money they have brought into Illinois [Taylor, May 1985]. Admits Scott Edgar, "employment generating activities" are "somewhat a nebulous thing" [Edgar, April 1985]. The actual effects are not known. Sometimes state programs merely subsidize business activities that would have occurred anyway.

On the other side of the controversy are people who believe that the "8% Education Set-aside" should be used for just that—education. The National Council on Employment Policy concludes: "It is possible, as well as desirable, for the Governors to use the 8% money for implementing remedial components for the disadvantaged which provide individualized, self-paced, and computer-aided learning. . . . The 8% money should be seen as an additional (perhaps even a fundamental) tool to bolster remedial efforts for dropouts or to mount functionally-oriented transition programs for students" [National Council on Employment Policy, October 1983: 15-16]. Even ICCB's Scott Edgar concedes that ICCB Comprehensive Adult Education Development (CAED) programs, which provide remedial, basic, and vocational education, in essence fulfill the intention of the act more than any other program [Edgar, April 1985].

There are widespread complaints from SDA administrators and service providers that many applicants cannot be served by JTPA because the applicants do not have the basic skills necessary for the training programs and job placements that are available. Of the service providers interviewed by our research group, 80% rated basic skills development as very important to participant employability. Yet basic education programs are discouraged by performance standards which demand high placement rates and reward low costs per placement, thereby encouraging short-term, low-cost training programs and enrollment of participants who are expected to be most easily employable. According to Jerold Wright of the Lake County Private Industry Council, there is "an emphasis on jobs" in JTPA, and "only those with skills and education can be served" [Wright, January 1985]. He explains that CETA offered twice the services of JTPA, and served people with an average reading grade level of 7.8 and a math proficiency of grade 5.8. Now, to be served at the community college, a client must have a 10th grade reading ability. Wright also feels that the ESL programs are insufficient—a non-English speaking person does not have much hope of learning enough English to compete for jobs.

SDA Administrators Terry Kohlbuss and Dallas D'Hondt in Peoria explain that they have a hard time matching eligible clients with what contractors want. There are surely training opportunities which go unfilled while there are many people seeking training, they assert, but the skills of the clients do not meet the pretraining requirements [Kohlbuss and D'Hondt, January 1985]. Adds D'Hondt, "JTPA is placement-driven. . . . You don't have *time* to serve those who most need the training." Sherry Allen, who is an eligibility specialist in the Peoria SDA, estimates that 99% of the people who receive OJT (on-the-job training) must have a high school diploma or a GED [Allen, January 1985].

John Roark of the Macon County Employment and Training Administration states, "The people that we were proud to serve under CETA, we do not serve any longer, and will probably never serve again. People must have skills, proper behavior, and education or they won't be eligible" [Roark, January 1985]. While the CETA program tried to serve the hard-core jobless, JTPA tends to select those easiest to place.

The problem is exacerbated by the fact that the performance standards do not allow any positive credit to the SDA for placing adults in remedial or basic education programs. If a youth under 22 is placed in a remedial education program, returns to school, or enrolls in a GED program, the SDA is credited with a "positive termination," but this is not true for adults even if the adult is illiterate or cannot speak English. The only performance standard which is applied to adults is actual placement in a job, which discourages SDAs from funding basic skills education programs for adults. According to

Colleen Williams, director of the Rockford SDA, "Today the active workforce is deficient in math and reading. I would like to have a percentage of the funds to be used for remediation and have the performance standards not apply" [Williams, January 1985]. Special assistance from the 8% monies could be invaluable.

DCCA administrators assert, however, that local implementors are overresponding to performance standards, and that many SDAs failed to spend the dollars per participant that they were allocated. Rockford, for instance, spent $2,000 less per person than was planned. Thus, the SDAs could actually afford to offer more expensive basic education programs if they wish. Indeed, continuous underexpenditure of funds will cause the funds to be reduced in future budgets, thereby exacerbating the problem. If they did serve more people needing basic skills, however, it would threaten their placement rate.

Nonetheless, this widespread testimony from program implementors at the local level indicates that those people who are most disadvantaged are not being served by JTPA, largely because of their lack of basic skills including reading and math proficiency. Yet the National Council on Employment Policy states that,

> For youth programs, the evidence is fairly uniform that remedial education is the key factor in yielding post-program gains, and that the more disadvantaged the participant, the greater the net gains. It is a reasonable hypothesis, then, that the greatest aggregate impacts would be secured under JTPA by concentrating longer duration treatments on the more disadvantaged beginning with remediation in basic skills for all entrants.
>
> [National Council on Employment Policy, October 1983]

Most of the research in this area has been done on youth, but the authors of the report seem to believe that the conclusions should be generalized to adults as well.

JTPA Director Dennis Whetstone, however, insisted in a May 1985 interview that basic education is "definitely not the responsibility of a measly $160 million program." If he had twice as much money to work with he would like to do more basic skills activities, but JTPA is "not a panacea." When people ask why it does not provide more basic education, his response is "Why don't you guys (school officials) do it in the first place?" The Department of Vocational Education, he says, is already spending "zillions" on basic education. "Playing the devil's advocate," Whetstone asked, "Why throw more of it down a rathole?"

Whetstone recognized the trade-off that exists between basic education and economic development, suggesting that Illinois was gaining notoriety around the country because "we are taking risks." The hardest thing to do is to use the dollars in a somewhat risky, higher pay-off effort to create more jobs." But he was excited about the economic development effort the state is making and termed it "wildly successful." He cited "huge dollars of expansion deals at the state level," and claims that Illinois Central College in Peoria brought in $3 million during the first year of the program [Whetstone, May 1985]. He also asserted that the SDAs are not penalized for serving the hard-to-serve, and that the SDAs are finding that the placement rates aren't so hard to meet as they had thought. He declared that "it is not the sole responsibility of JTPA to compensate for education failures," yet offered the suggestion that if there is more carry-over from the 8% funds it will go to basic skills development.

OTHER POSSIBILITIES FOR THE 8% SET-ASIDE

Other states are linking education and job training in a variety of creative ways. A policy options report written for the National Commission for Employment Policy points to the potential of the 8% funds:

> The eight percent offers a genuine resource for improving educational and employment outcomes for disadvantaged youth and adults . . . (and) is a resource which can and should be used to provide needed employment related services linked to educational services. If used strategically, it can, at the same time, be used to bring about more lasting change in the way at-risk individuals are served within the employability and education systems.
>
> [Darr, Hahn, Osterman 1985: 1].

The authors suggest that "There is not enough eight percent money to buy all of a state's or local community's favorite projects in education, but there is enough to serve as a catalyst for change" [Darr, Hahn, Osterman 1985: 18].

The report cites many innovative models which have been established in various states and cities in the last few years and recommends that the 8% monies be spent on similar programs. Some states emphasize various target groups. Kentucky has focused on dropouts, the handicapped, offenders, wards of the state, and the mentally retarded. Maryland has emphasized in-school youth with serious barriers to employment. Massachusetts places emphasis on AFDC recipients. Michigan targets dropout-prone youth, handicapped youth, and out-of-school youth.

In Illinois, the Alternative Schools Network of Chicago provides service to high school dropouts, as does a similar program in Rock Island. Having adopted the Comprehensive Competencies Program, it offers individualized, self-paced education—including computer-assisted instruction—on an open-entry, open-exit basis. The alternative schools are established in inner-city neighborhoods and offer counseling, recreation, and employment and training services as well as educational services ranging from basic to post-secondary education and training. According to John Roark, SDA director of the Macon County Employment and Training Administration, his SDA—unlike most others—has not had significant problems meeting its targeted service to youth because it operates seven alternative schools, which Roark describes as "a different environment in which to learn." The schools have an arrangement with the public school system which provides high school diplomas to students who have been passed by the alternative school [Roark, January 1985].

Boston is pursuing a program called "The Boston Compact," which is a joint effort by the schools, business, city government, and the universities to increase the proportion of ninth graders who go on to complete high school, to increase reading and math competency of graduates, and to increase the number of graduates who obtain jobs or continue their educations. Over 300 major employers have agreed to give priority in hiring to Boston high school graduates in return for the schools' making measurable gains in these areas.

In conjunction with a community-based organization and a community college, Denver, Colorado, "pooled all of its job training funds" [Darr, Hahn, Osterman 1985: 23] to create an open-entry, open-exit skill training center which offers remedial and technical training to high school dropouts. Los Angeles is concentrating on youth competencies, and other communities are using the funds to train trainers who work with SDAs and PICs in trying to meet their targeted youth competency goals.

Economic development activities are mentioned in the National Commission for Employment Policy report as well, and 8% funding is recommended for business assistance centers at community colleges and for tying Community Development Block Grants and Urban Development Action Grants to hiring of local residents who had been trained through an 8%-funded JTPA training program. This has some parallels with to the Illinois emphasis on economic development, though most states are pursuing remediation programs with their 8% funds.

The portion of the 8% funds (20%) which have been allocated to administration can also be used creatively, according to the National Governors' Association report. The authors suggest using these funds for coordination, training of staff, management information systems, and gathering of labor market information.

Interviews with DCCA staff and officials from the governor's office in August 1985 showed increased state interest in remedial education. The growing national interest in the issue was beginning to register in Springfield.

THE STATE AND ITS SERVICE DELIVERY AREAS

DCCA communicates with the service delivery areas through program managers who are assigned to one or more areas. The resulting system provides an efficient means to oversee the administration of an SDA, but this channel is not necessarily two-way. SDA administrators told us that they were tired of the state's excessive demand for paperwork and its constant stream of "ad-hoc policy" letters. Data concerning operations, enrollment, and placement entered into DCCA's computer bank could not be retrieved at the local level during the first two years of JTPA. Due to severe difficulties and delays in getting a serviceable management information system in place, the state was unable to generate reliable data for the local administrators to base future planning decisions on. State officials saw these problems as the inevitable results of implementing a large and complex new data system and hoped for much better results in the future.

Essentially, policy making has been one-sided because frequent adjustments in state policy, the tedious process of providing the paperwork for compliance, and the apparent dark hole of the information system have hindered the development of local discretion. These issues put a strain on the necessary process of defining the boundaries of state control over programs and the extent to which local entities can or should be expected to take initiatives.

We talked with a number of SDA administrators in the course of our study and found that they shared several complaints. Some of these were dependent on whether or not the SDA remained consistent with the previous CETA prime sponsor or represented an entirely new administration. Long time CETA administrator Chris Stevens from Waukegan believed that DCCA kept "too tight a rein" and was "trying to protect the governor" by a heavy emphasis on compliance with regulations which were updated frequently [Stevens, January 1985]. In addition, DCCA "has been slow to respond" and "does not provide technical assistance," though she noted that recently staff had been more willing to sit down and work with the SDA. Their accounting system was "superfluous," "too detailed, unnecesssary" though they are "moving toward a more cooperative view in issuing regulations" [Stevens, January 1985]. Terry Kohlbuss, director of the Private Industry Council in Peoria, concurred with the remarks concerning the inflexibility of regulations and the excessive paperwork, but he felt that DCCA staff had tried their best to be helpful and would consider backing off from rigid enforcement policies if the SDA presented compelling reasons to do so [Kohlbuss, January 1985].

Under CETA, the major sources of political conflict and decision making were contained within the Prime Sponsor Units. Since the private sector had little to do with job training, CETA programs were subject to local political infighting; mayors would claim them as their own [Preston 1978]. JTPA creates a new kind of political confrontation. Competition for local control of programs is no longer solely a matter for politicians and administrators; new actors including private business representatives and the state government have been introduced.

JTPA "has created new politicians," according to Martin Jensen, the director of a nationwide organization of SDAs. JTPA was a "grand experiment," testing what states can do; they were being "asked to do something they have little experience doing" [Jensen, February 1985]. Besides implementing JTPA, states were instructed to build JTPA programs around their own objectives. Governors had responsibility for determining how incentive grants should be used and where special funds, such as the 8% set-aside should be targeted. Most importantly, they are held liable for the funds allocated by the Department of Labor. Consequently, each state employed the purposes and standards of the legislation in programs which may, or may not, exactly reflect the emphasis congressmen had in mind when they designed JTPA.

According to a Congressional Research Services history of the enactment of JTPA, both congressmen and the Administration wanted more flexibility at the state and local levels [Spar 1983]. Yet, drafters of the bill "agreed that training, and not jobs, should be provided through the legislation" [Spar 1983]. In Illinois, Governor Thompson's emphasis on economic development, particularly through his new "Build Illinois" program, modified this original intention with the political goal of increasing economic prosperity in the state. As in DCCA's statement of purpose cited earlier in this paper, the logic is that greater quality of life will be achieved by enhancement of the business environment which will create jobs, some of which would reach those in need.

The inclusion of the private sector as a "partner" in the design and administration of job training programs meant that local business leaders become "new politicians." Title II programs are to be developed and monitored by the combined guidance of public and private officials appointed to a Private Industry Council by local elected officials. Private Industry Councils are, by law, composed of at least 51% business representatives. They are expected to provide the expertise needed to recommend what types of training are appropriate for their areas. Though business leaders have been uneducated in the ways of public sector operations, their contribution is expected to make the delivery of job training programs more efficient. Yet, they have had to learn to adapt to public sector practices. In December of 1984, DCCA officials referred to the Private Industry Councils as "overly aggressive." The private sector needed time to figure out "what role they play" [Whetstone, December 1984]. In the meantime, these local private leaders have expressed concern that state administrators should not issue regulations which standardize local programs. They view this process of "standardization" as a threat to local autonomy [Technical Assistance Committee discussion, November 1984]. Job training bureaucrats have had to learn that private sector priorities have to be taken into account. These adjustments are under way.

DCCA has been trying to broaden its focus in its relationships with SDAs beyond compliance issues. In February, Dennis Whetstone met with the Technical Assistance

Advisory Committee of the IJTCC to explain what kinds of services DCCA would be willing, and able, to offer the SDAs. "Perhaps now it's time to look behind, respond to what may be system-wide needs" [Technical Assistance Committee,e February 1985]. "The thrust on compliance and regulation has paid off; the rest is window dressing." He requested that service delivery areas take more initiative in order to take advantage of available resources. "The reason I have been so obstinate is that within these constraints it is there for the offering." DCCA will only provide options and will not issue directives for technical assistance. Labor market information has been set up so that it will "not encompass anything related to interpretation or policy or compliance." It will offer "not too much or too little information" [Technical Assistance Committee, February 1985]. DCCA should be viewed as a resource from which localities may draw information which they will use to design or improve the targeting of programs as they see fit. "If we sense a general interest, we will provide more services or information," a "menu" from which they may contract for specific things. James O'Brien, however, commented that "we don't have the dollars for Technical Assistance services that we used to." Under CETA, they were able to provide frequent seminars for staff statewide. Now they would consider "a cost-sharing approach" [O'Brien, February 1985].

O'Brien remarked to us that DCCA is "incrementally backing away from certain existing requirements; we went as far as we could in terms of protecting the state from liability. We are reassessing each requirement as the most onerous aspects bubble up" [O'Brien, April 1985]. This process is cautious, as there are dual sets of goals involved: to have the least amount of requirements and to protect the state from ineligibility for federal funds. At the same time, administrators are increasingly appreciative of the contributions made by the local administrative entities. Dennis Whetstone stated that he is "pleased at how active the local level is on the issues; a lot of the time they have been right" [Whetstone, May 1985].

THE IMPACT OF PERFORMANCE STANDARDS ON POLICY

The state monitors its SDAs according to the performance standards laid out in the act. It is up to the state, however, to determine the basis for measuring substantial segments in the population (i.e., disadvantaged groups targeted for special attention under the act). The state accomplishes this through a compromise. According to John Taylor, the supervisor of Planning and Policy Development Taylor, and his assistant in charge of planning modifications, Jose Limes, no one liked any data base available on which to base these statistics. What resulted represented an averaging of two sources: 1980 census data on poverty and Employment Service data on the number of economically disadvantaged people who come through their doors each year. The census data are now five years old, and there have been large economic changes; the Employment Service does not serve all groups proportionately. Limes remarked, "We hope it (the resulting index) is somewhat near the truth" [Taylor and Limes, May 1985]. Yet both of them referred to this index as "Mickey Mouse statistics." They complain that the JTPA legislation is ambiguous about equitable service and does not explain what is meant by the phrase "in proportion to their incidence in the population." The result of this combination of figures is used to determine the goals for service to targeted segments for each SDA. According to Limes, "the goals for service to significant segments are probably understated because of the influence of the census figures [Taylor and Limes, May 1985].

The achievement of goals for service to the disadvantaged has been difficult in some SDAs and for particular targeted segments. DCCA has adopted a policy, recommended by the Program Review Committee of the IJTCC, to allow SDAs to lower their planning goals for service to significant segments. Once an SDA has a plan, its performance is measured by how well it meets the planning goals it sets for itself in conjunction with the state determined level of incidence of significant segments in their area. If goals decline, particular groups may get less training.

Limes pointed out that standards based on entered employment rates "are inimicable to good planning." Performance is judged by how well the SDAs' figures fit into a regression model which has been reformulated with current unemployment rates. "In many ways, this is unfair. They plan on one basis, and they are judged on another" [Taylor and Limes, May 1985].

A common problem has been that SDAs have set high goals based on experience as CETA prime sponsors and not on state calculations. SDAs are concerned that they will be penalized for not meeting their planning goals when they have planned above what the state expected them to plan. Performance standards are based on imprecise indicators of performance to partially defined and measured segments of the population.

The state's information system simplifies these measurements down to categories of age, race, and sex in addition to the level of income and welfare status stipulated in the act. But these data have not been cross-tabulated in state reports to determine the level of service to those who qualify as hard to serve in more than one category. Such data did not exist in the transition and program years [Taylor and Limes, May 1985]; "We feel that (those variables) are the limit of our responsibility; other things are not in the law." If someone were to say, "'You don't have many women with children,' we would say, so what? If AFDC were underenrolled, we would look at that." Special tabulations for later chapters of this study show that state officials need to pay attention to those issues.

Besides navigating the complexity of targeting programs, SDAs must also meet cost and placement standards. State officials complain that the administrative entities are striving to achieve the highest placement percentages at the lowest cost. They are going beyond what is expected of them. Standards, they say, appear more rigid than the SDAs realize. The problem is perpetuated because performance standards for the following program year are based on the figures from the previous year's performance of each SDA. This chain reaction will make it even more difficult for the SDAs to serve those who experience major barriers to employment.

Yet, DCCA officials have told us that "creaming does not have anything to do with the program. . . . It is an empty, moot issue" [Whetstone, December 1984]. Nor is it the state's role to evaluate its programs. According to DCCA, since SDAs are still required to meet targeting standards, this will insure that they are not creaming.

In this way, state administrators defined for themselves the type of job training programs they believe fit into the intention of JTPA. The limitations presented by their methods of data collection and the information system itself have framed their perceptions of the effectiveness of JTPA. The JTPA legislation is ambiguous about who the target group for the program should be: "The language in the act says both 'most in need' and 'those who can benefit'" [O'Brien, October 1985]. These two qualifications are subject to the interpretation of state and local policy makers. By encouraging on-the-job-training and stressing economic growth through incentives for local businesses, the focus of JTPA in Illinois broadens beyond training. Training often does not go to the most economically disadvantaged. Because of limited resources, many JTPA officials believe this is justified: why should they try to reach the most in need when they are serving those who qualify for their programs and are less costly to train?

STATE POLICY ON COORDINATION

Coordination in government programs is an elusive but vitally important activity, the absence of which is often cited by policy analysts to be "the problem" in any program which is foundering. Ideally, a well-coordinated program can eliminate redundancy and promote efficient use of time and money, simultaneously insuring that eligible applicants are served quickly and ineligible applicants are weeded out. In keeping with these goals, the formulators of the Job Training Partnership Act aimed to maximize use of available resources by requiring each state to establish a State Job Training Coordinating Council which has responsibility for advising the governor on designation of service delivery areas and plans for implementation of the Act, as well as overseeing of the operation of these plans. The council must also recommend to the governor a "Governor's coordination and special services plan," which "shall establish criteria for coordinating activities . . . with programs and services provided by State and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, postsecondary institutions, economic development agencies," and others [Section 122(b)(1) of the Job Training Partnership Act of 1982]. Governor's coordination and special services activities under the plan may include: providing information and technical assistance; training of staff of administrative entities; targeting of special participant groups; and providing economic, industrial, and labor market information [Section 121(c)].

Divided into 6 committees, the Illinois Job Training Coordinating Council (IJTCC) is staffed by the Department of Commerce and Community Affairs (DCCA), which is also the implementing agency for JTPA in Illinois. Though DCCA staff usually mail materials a week in advance of Council meetings, there have been complaints from members of the IJTCC that DCCA sometimes tries to force through policies without allowing adequate time for review and discussion. There have been turf battles as IJTCC members have tried to clarify whether their role is purely advisory or formative. During the controversy over SDA designation, a motion was passed at the 16 December 1982 meeting of the Illinois Employment and Training Council that "no staff member of the Department of Commerce and Community Affairs be allowed to enter into conversations or negotiations with program providers in order to establish an SDA in the name of the new Council." Nonetheless, the committees and the Council depend heavily on DCCA staff members who are assigned to them, and receive frequent reports from DCCA administrators as well.

LOCAL COORDINATION

At the local level, Service Delivery Areas under the JTPA are instructed to develop coordination agreements with "the Departments of Children and Family Services, Rehabilitation Services, Aging, Public Aid and the Bureau of Employment Security as well as agencies serving offenders, including probation and correctional services, agencies serving veterans, agencies serving troubled youth, dislocated worker centers, community-based organizations providing employment and training services, education agencies, including area vocational centers, secondary schools, community colleges, and institutions of higher education" [Governor's Coordination and Special Services Plan, 1 October 1983 to 1 June 1984, criterion A, paragraph 3]. Primary responsibility for oversight of SDA plans and these many coordination activities is assigned to the Program Review Committee (PRC) of the IJTCC.

THE PUBLIC AID/WIN SITUATION

Of these concerns, the agreements with the Department of Public Aid (DPA) have demanded the most attention by the Committee, because although SDAs are mandated to target WIN participants as one of their "significant segments," they have consistently failed to meet their goals. Local administrators attribute this problem to a lack of cooperation on the part of Department of Public Aid counselors. WIN (the Work Incentive Program) is one of several AFDC (Aid to Families with Dependent Children) programs administered by the Department of Public Aid. Mothers who receive AFDC funds and who are not exempted because of children under six years of age or other problems are mandated to enroll in the WIN program where counselors try to guide them into employment through orientation, job search, job club and preemployment training. There is an obvious overlap between JTPA and WIN. Job training such as that offered by JTPA should defer the WIN activities until the training has ended, but due largely to the fact that WIN counselors are laboring under the same kind of performance standards which have characterized JTPA, there has been a serious problem with WIN workers refusing to refer their clients to JTPA and even pulling their clients out of training programs in which they were already participating. Karen Larsen of Champaign Consortium (SDA 16) gave an example of a woman who was in an eight-week JTPA training program and was called out for a one-week orientation with WIN—effectively guaranteeing the woman's failure in her program. Larsen, in a telephone interview in November of 1984, cited a "lack of commitment for training" in WIN philosophy, as well as the pressure on WIN workers to place their clients in jobs rather than in training. WIN counselors have to have a certain number of people in job search at any one time and have to have a certain number of people at each orientation session. These pressures, plus a lack of positive credit for clients who were in training, have often led them to disdain the JTPA option.

Other problems have been cited as well. Jan Dinges, whose job is to coordinate the WIN and JTPA programs, spent the months of April and May of 1985 traveling to each SDA in Illinois, reviewing their local coordination agreements and talking with the SDA directors. She found three major complaints other than the one mentioned above: failure to identify WIN registrants; inadequacies in referral procedures; and unwillingness of WIN workers to provide supportive services for their clients [Dinges, May 1985].

SDA administrators have found that, though many AFDC recipients should also be WIN registrants, they are serving a great number more AFDC clients who are outside the WIN program. This is corroborated by the program year data, which shows AFDC recipients being served but only 4,079 WIN clients, 53.6% below plan [Basic Systems Indicator Report IIA 1985]. This is a serious failure in serving a targeted population if the data are accurate. Searching for an answer, Dinges believes that there is inadequate reporting of WIN registrants. Oftentimes, she explains, clients don't realize that they are WIN mandatory, perhaps because they have not yet been called on to participate in the WIN orientation or job search. Also, their status may not be verified by the JTPA counselor as it should be. Thus there are a number of WIN clients being served by JTPA who are not being identified as such. To solve this problem, says Dinges, all AFDC recipients in the future will be asked to volunteer for the WIN program and will then be registered as WIN—though she estimates that only 50% of the AFDC population who are presently being served by JTPA are actually WIN mandatory.

This change on the part of Public Aid will effectually eliminate the state's ability to monitor service to WIN mandatory clients, but Lewis Leavitt of the Development Section of the Office for Social Services defends the action as consistent with the intent of the law. According to Leavitt, a sizable number of JTPA participants are on Public Aid, including many on General Assistance as well as those on AFDC. The intent of the law was to move welfare-dependent clients into private sector jobs, and it should be immaterial whether they are looking for work because they are forced to do so or because they want to do so. "Work programs for AFDC are not very practical," Leavitt remarks, and trying to force people into jobs was "a mechanical thing . . . (which was) not really serving anybody." Indeed, Leavitt said, the employment potential of an "older woman with six children" is not good, while the younger mother is eager for help [Leavitt, August 1985]. Clients who are WIN mandatory risk sanctions or loss of their benefits if they fail to comply with WIN strictures, but this would not be true for anyone who would normally be exempt but who had voluntarily entered the program. Dinges notes that people who have volunteered for WIN have traditionally been some of their "best clients," with a "good work ethic" and high levels of motivation.

Problems with referral procedures were addressed in each of the coordination agreements but loopholes have developed in many cases and the procedures need to be refined. The referral forms do not capture enough information, are not being verified appropriately, and may have been changed since the coordination agreement was written. There is confusion over "when to send the form where, to what person" explains Dinges, and JTPA does not always let Public Aid know of termination or employment of WIN clients who are JTPA participants [Dinges, May 1985].

The last problem, and one which is crucial to the heart of coordination in JTPA, is the reluctance of WIN counselors to provide supportive services for their clients who are participating in job training. Supportive services should cover child care, transportation, lunch, or any expenses which might otherwise preclude a client from participating in training. It was partially in expectation of receiving supportive services from such outside sources as WIN that funds for these services were limited to 15% within the JTPA. A number of local SDAs make no provision at all for day care. This is a "bad problem," says Dinges, and WIN counselors often "try to wiggle out of it." "WIN staff don't like to approve supportive services because it involves a lot of red tape and paperwork," and this leaves SDAs trying to provide supportive services for their WIN clients from scarce JTPA funds, since they see it as "easier than getting it from WIN." WIN, of course, also suffers from scarce resources and Reagan administration budget cuts. Needed changes include simplification of paperwork for WIN counselors, direct payment to child care centers and/or "list billing," where child care for all participants is paid to the SDA, who then pays the agency. Their goal, Leavitt says, is to "make it easier for the staff person" to pay the claims [Leavitt, August 1985].

In spite of the problems, Dinges is optimistic—as is Nancy DiBello, who is supervisor for the Program Design and Coordination Unit for DCCA. Both administrators indicate that JTPA/WIN coordination is making "a 180-degree turn around," and both attribute it to a new attitude from the top administrators at WIN—Public Aid Director Gregory Coler and Associate Director Ann Kiley. Dinges cites a "recent expansion of policies" and the director's philosophy that "clients need education and training." Coler is emphasizing that clients should be enabled to find jobs that will provide them with a career rather than just temporary employment—and Dinges quotes his motto of "'Not just a check but a chance.'"

To back up the rhetoric, objectives for WIN staff are being changed. A policy letter issued by Dennis Whetstone outlines some of the changes:

> Beginning March 1, 1985, orientation to WDP (WIN Demonstration Program) has been expanded to give WIN registrants information on all of the education and training resources (including JTPA) which are available to them. They may choose to participate in one of these preemployment programs at this initial session.
>
> Other procedures which were expanded in March 1985 include:
>
> 1. allowing JTPA staff to determine the appropriateness of the training or job search programs for each public aid client referred to them;
> 2. any supportive services necessitated by a WIN registrant's participation in JTPA programs are to be issued by the WDP staff;
> 3. WIN mandatory and/or volunteer registrants enrolled in any JTPA program prior to contacting WDP staff are to be permitted to complete the program and a determination of supportive services is to be made.
>
> [JTPA Policy Letter 84-069, 15 May 1985].

WIN counselors are not being held to the same numbers for independent job search and entered employment rates, according to Dinges. Indeed, Leavitt said, DPA has temporarily abolished all numbers for these services and is trying to negotiate new ones. This allows the counselors to direct their clients into job training in JTPA if appropriate. Public Aid has eliminated the mandatory job search for WIN clients, has reduced the caseload of counselors to exclude those clients who don't want or can't use the services, and is currently trying to instruct its counselors that "You are service workers, you are not enforcers" [Leavitt, August 1985].

Dinges also maintains that WIN counselors are being given positive credit for placing their clients in JTPA, and thus, "a lot more referrals are occurring." So far the changes exist only "memo-wise"—through policy letters—but they will be built in soon, and WIN is keeping track of all referrals to JTPA. She believes that things have already improved tremendously. DiBello also sees some "real positive changes," though she predicts that it will take "a while for that to shake out" [DiBello, 30 April 1985].

Dinges recognizes that there have been serious failures on the part of Public Aid to help their clients access the JTPA, but she also asserts that there are "problems on both sides."

> The SDAs are not doing everything possible to serve our clients. They know our clients are hard to serve, yet they set up high qualifications for training. . . . Our clients need to know how to dress, how to act on the job, and I can't see many SDAs teaching them that. We have to cream our own clients, send them our best. . . . It's sort of aggravating. But we don't mind—if that's what they insist on, well, okay, we'll do that. They complain but don't seem to make the effort. . . . We

> haven't totally been the bad guys.
>
> [DiBello, 30 April 1985]

She gives as example the fact that most SDAs require entrants into clerical programs to be able to type 40 words per minute when most of her clients don't even know the typewriter keyboard. On the subject of creaming, however, Dinges repeats "we don't mind," indicating that they are grateful for service to any of their clients, since they all need help. Clients who are turned away from JTPA are channeled into the education and training track at WIN, into job search, or into job club. They might also go into (IWEP), which is a work experience program providing subsidized employment at a public or private institution.

Dinges ended the interview with the comment that "We are addressing (the) problems . . .and things are looking up," and indeed most indications seem to suggest reason for optimism.

CHILD AND FAMILY SERVICES AND THE 40% YOUTH EXPENDITURE TARGET

Based on the requirement that 40% of all JTPA funds be spent in services to youth, one would expect to see the SDA administrators heavily courting the Department of Children and Family Services (DCFS), but Richard Damashek of that agency believes that the SDAs don't really want to serve kids. They want adults because they're more "job-ready," suggests Damashek. He explains: "Youth have more multiple problems . . . and JTPA doesn't have any means of addressing those needs," though he submits that JTPA "made the decision; they have to come up with the results" [Damashek, 6 December 1984]. He notes that there is a great deal of frustration nationally with the 40% targeting, and that there is pressure to change the goal. Indeed, SDA Director Chris Stevens of Waukegan comments, "Philosophically I don't agree (with the 40% youth targeting) . . . it's an impossible goal . . . and employment and training dollars ought to be targeted to adults." She feels that youth have other programs to help them through the schools and elsewhere. In Peoria, SDA administrators Dallas D'Hondt and Terry Kohlbuss explained that their SDA has a hard time meeting their service goals to clients under 22 years old because youth and inexperience are very substantial barriers to employment in the face of competition with older workers who have stable work histories.

For their part, DCFS is very interested in job training for their older adolescents and have recently established a system of 81 "youth service planning areas" in order to facilitate coordination with local school boards, community colleges, youth service agencies, and JTPA. Their aim is to take the many scattered programs such as "vocational training; co-op education; . . . early school leavers program; vocational counseling; job placement programs; try out work; and OJT" and to "organize these services into a continuum" to serve DCFS clients" [Damashek, 6 December 1984]. They have been working closely with the Department of Employment Security, and in conjunction with that agency served 3500 kids last year, placing 900. Damashek suggests that this is a "good concrete example of coordination," adding "yet JTPA claims that they can't find kids" [Damashek, December 1985].

Damashek is something of a crusader for coordination, having prepared a set of papers on that subject for the IJTCC. He faults the state JTPA because "they persist in spending in a shotgun approach," and suggests that they could have used the 8% funds to institute a statewide coordinated education program similar to the one created for DCFS, but instead the money was "spread all over"—at first without even consulting the SDAs. Damashek wrote, "What is needed locally and statewide is a coordinated system or network of education, training and employment services. . . . Systematic allocation of JTPA funding . . . and establishment of an administrative structure to develop and implement the system" [Damashek].

OTHER AGENCIES

The SDAs seem to interact with other agencies by sending them clients who are eligible but not qualified for the available training programs. Northern Cook County, Southern Cook, Waukegan, and Peoria all stated that they refer these clients to "the township office," to Public Aid, to literacy programs, GED programs, and to English as a Second Language programs. Jerold Wright of Waukegan explains that there is an "emphasis on jobs" in JTPA and "only those with skills and education can be served." Clients who are "not marketable" receive referral to some other source of aid [Wright, January 1985].

Wright adds that if someone is found to be ineligible for JTPA (due to income greater than JTPA guidelines), that person will be referred to job services and advised to keep looking for a job [Wright, January 1985].

As for JTPA performance in offering their services to clients from other agencies, Nancy DiBello, supervisor for the Program Design and Coordination Unit, concedes that "nobody feels as many of their clients are being served as they would like" [DiBello, April 1985]. She cites "tremendous changes in virtually every client population over the last two years," and notes that there are "always more eligible people than can be served." The SDAs are "sluggish in coordinating with others," says DiBello, and are just now beginning to understand what the coordination agreements can do for them. It took them a long time to get together the agreements because they "want to select who they serve . . . and don't want to commit to serving a specific number" of clients from other agencies due to the pressures of performance standards. Because of these pressures for high entered employment rates, the SDAs are "picking people to meet performance standards and not designing programs to train people to do so (meet the standards)." Still, says DiBello, there have been some "real positive changes" going on lately, and she is optimistic that things will work out in time. She predicts about "one more planning year before they see the light (on implementing coordination) . . . and come out of the cave" [DiBello, April 1985].

CONCLUSION

Illinois officials responded positively to the opportunities to direct job training programs. They moved rapidly to set up an administrative structure and get the programs in operation. In the process, they established very tight controls in order to document the eligibility of clients to protect the state in case of audit. While state administrators considered the goals of JTPA, they also used their discretion under the program to work on the governor's primary goal of economic development. The governor's priorities were reflected particularly in the political decisions to split the Cook County suburbs into two separate development areas and to build an economic development emphasis into the 8% fund distributed to the community colleges. The community colleges also became the chief beneficiary of the funds for the dislocated workers centers discussed in chapter .

The JTPA program, and simultaneous financial squeezes on other state agencies, produced a number of difficult coordination problems. However, considerable progress has been made in building better relationships with public aid agencies, though much less in coordination with education and youth services. Toward the end of the second year, the program leaders and the Governor's staff expressed a strong interest in moving beyond questions of procedure and control toward monitoring program impact and establishing programs and state standards that would address the very severe problems of the need for basic skills training and would produce major long-term gains for trainees. A great deal remains to be done.

Chapter Eight

Does the Training System Work?: The Absence of Data on Program Impacts

The New Federalism approach to job training provides far less monitoring, data collection, and reseach on the impacts of the programs. Federal goals have been defined very narrowly and information reported to Washington drastically reduced. There is careful monitoring of expenditures and placement rates and compliance with requirements about goals for participation by various groups, but there is little information collected of what types of training are received and how people are affected by the training provided. Neither at the national level nor within Illinois is there any followup data collected to show either that the job placement is related to the training received or whether or not the placement is only temporary and makes no long-term difference. The result of these inadequacies is that it is impossible to know whether or not the program is working.

In the absence of serious data on program participation and program effects, the programs have been proclaimed to be successes on the basis of the few existing national measures such as the placement rate among program participants. This study (chapters 10-11) shows that this emphasis on the placement rate has had many negative and counterproductive effects on the nature of the training provided. It has led to exclusion of many people most in need of training from the training programs. Since there is little or no relationship between short-term and long-term placement effects in previous studies (chapter 2), most of the information collected currently has little use in assessing the real value of the training provided. Worse than that, the emphasis on high initial placement levels tends to produce both exclusion of the people who would actually show the largest long-term benefits and inappropriate placements. The related emphasis on low cost per placement tends to strongly encourage short-term training and job search workshops and to discourage critically important basic skills training.

It is possible, of course, that the type of training offered within JTPA is sufficiently different or that the labor markets have changed enough since CETA to produce different impacts than those shown by previous research. Both to examine this assumption and to study a number of questions of access to training we requested all relevant data about program participation from October 1983 to January 1985 for Illinois local SDAs serving about three-fourths of the state's population. To try to supplement the very limited data the state possessed on training programs in Chicago, we repeatedly requested data directly from Chicago's Mayor's Office of Employment and Training, the city's JTPA agency. Because Chicago is home to half the state's poor, its program is very important.

The Illinois Department of Commerce and Community Affairs was very cooperative in providing data within the limits of its existing data systems. James A. O'Brien, who supervises the state's data system arranged for the provision of thousands of pages of printouts on local programs. Data on some important issues, however, were unavailable. As this study was underway, the Illinois JTPA staff was attempting to cope with the large and complex task of changing from one data system to a totally new system. The state officials were not willing, however, either to provide us with data tapes for independent analysis or to provide us with a sample of participant names to permit a direct survey of program effects.

Much more serious problems were encountered in obtaining even basic program data from the Chicago SDA. Eight months of repeated requests to all levels of program administrators produced very little information. Promised data often never materialized. We were frequently told that what data were available were not reliable, that many records were missing, and that the Mayor's Office of Employment and Training lacked the staff to obtain data from the city's computer. When we offered to conduct our own analyses if we could obtain a copy of the computer tapes with identification of clients removed, the request was rejected. Shortly after receiving the first very limited data from the city in mid-summer 1985 we were informed that they were still unreliable and many records had still not been entered. The Chicago office provided us with dramatically higher numbers on participation in the dislocated workers program one week before this report was due in Washington. Chicago never provided data on a number of important issues.

Some of the limited data on Chicago submitted to the state were incorrect, much is missing, and it is doubtful that anyone will ever know how many people were in which programs in Chicago, particularly during the first year of JTPA. By mid-1985, new staff members in Chicago were working very hard to create a more accurate data system and a capacity for serious program analysis but their task was formidable.

The JTPA program in Illinois operated under a statewide information system inherited from CETA until mid-1985 when it was replaced by a new system, MIS-2, that was delivered at a cost of $2.2 million (financed through the 6% incentive funds), and was touted as a more flexible and responsive system permitting local offices to access data on their own programs more effectively. Throughout the first two years of JTPA, the data were entered directly in a statewide system that could not produce analysis at the local level. The local offices had to make requests to Springfield to obtain basic information about their own local programs. The combination of state policies and forms that vastly increased the data being put into the system and the inflexible and difficult process of obtaining information from the system created a great deal of local resentment. The state officials gave priority not to problems of managing local programs but to procedures assuring full documentation for people enrolling in training. The first priority was to protect the state from federal auditors.

The most severe limitations of the state data system under both computer systems were direct reflections of the policies of the federal government and the low priority of the state officials for preparing data that were not required by the Labor Department. Several basic federal policies and practices shaped the data system:

1. State liability without clear federal standards.
2. The emphasis on placement data, cost per placement, and substantial segments.
3. The lack of evaluation and followup requirements.
4. Rigid limitations on administrative costs.

One of the most serious problems in the data system from the perspective of local administrators and service providers was the extent of information required on every participant and the inflexibility of the various documentation requirements (see chapter 10). This was an ironic result for reformers who had blamed the federal government for excessive red tape and had seen state control as a solution. The Reagan Administration Department of Labor did its utmost to administer the law in this spirit, "limiting themselves strictly to financial and auditing" functions [O'Brien, 4 December 1984]. Auditing requirements, however, meant that state officials were threatened with retroactive financial penalties for frequently unclear requirements of the Act. They faced audits and possible monitoring by both executive and Congressional offices. They were particularly worried about possible sanctions for enrollment of trainees who proved to be ineligible. State worries about audits produced much more paperwork, primarily to control intake into the program. Although the need for controlling ineligibility and fraudulent use of funds is widely accepted, at a certain point further tightening controls becomes very expensive and diverts resources from basic questions such as whether the training programs are working. This clearly happened in the JTPA data system.

CETA, according to Illinois JTPA manager Dennis Whetstone, permitted verbal assurances on eligibility and permitted considerable discretion without threatening sanctions. Under JTPA, he said that complete documentation was essential even though it greatly increased the length of the forms and slowed the flow of people into the training system [Whetstone, 4 December 1984].

JTPA, ironically, combined a greatly increased effort to prevent fraud with a greatly diminished incentive to commit it, since the public jobs and stipends so desirable in CETA no longer existed. Illinois has a 14 page JTPA application and rigid requirements for documentation which often require records not readily accessible to many potential low income clients. All of these data were entered into the state system, requiring large capacity for maintaining and checking completeness of documentation. A significant part of the direct contact by state officials with SDAs and local agencies was over these same issues, including file checks on the accuracy of the data provided.

The Labor Department's emphasis on placement rates and costs, as well as sex and ethnicity, was the other basic force shaping the data available within the system. Although the state required the collection of a vast range of application data about every program participant, almost none of it was summarized at the state level. The vast majority of the information put into the system not only was not used to produce any statewide summary but could not be used. The system was simply not programed to make it possible to obtain the simplest statewide totals for any but a handful of reports. The only statewide data came in the form of very general quarterly reports on program enrollments and the representation of the various substantial segment groups specified by the law within the program.

After working poorly during the transition year and the first program year, the state data system began to function more effectively in September 1985. Extensive reports on participation characteristics and program participation during the 1984 program year permitted study of many issues about the distribution of people within the system and the equity of treatment for various groups. The state JTPA office now possesses the ability to describe and monitor its programs at a considerably more sophisticated level. Unfortunately, however, the state office still has no evaluation staff to take advantage of either the newly available capabilities. or the much more valuable capabilities that will eventually come. There has not yet been any expansion on the limited basic system data used by policy makers. The state coordinating council and the JTPA administrative staff have, so far, received almost nothing but very general totals on the types of training provided substantial segments.

Followup data. JTPA presently collects no data to show how long job placements last. State and federal agencies requested no such data and have no present plan to require any, pending possible action in Washington [O'Brien and Whetstone, 22 August 1985]. At present, however, the Labor Department has not been permitted by the Office for Management and Budget (OMB) in the White House to require any followup data. Thus the state's basic strategy in terms of collecting data on program impact is one of doing nothing until the Labor Department acts in an Administration where the Labor Department has not been permitted to act.

The importance of followup data is fundamental to knowing whether or not the program is really working and whether or not it is cost-effective. For example, the statistics on JTPA often show that the most cost effective programs are not those that provide training which develops new skills but those that teach people how to search for jobs without any new skills. It may well be that a $1,200 job search program can lead to placement of some of the same people that would cost $4,000 to train in basic reading and math skills. If the placement from the cheaper program is much shorter, however, and much less likely to lead to a rising income over time in the trainee's career, then the relative value of investments in the two programs may well be exactly the opposite of what appears on the surface.

Research summarized in chapter 2 shows that it is exactly those relatively expensive investments in basic skills training that are most likely to make long-term difference in employment and earnings. If this remains true, and there is no reason to think that it does not in an economy with even fewer well-paying low skill jobs, then it could well be true that the apparent efficiency of JTPA is actually false economy and that much of the money that is invested in short-term training makes little or no difference to the long-term prospects of the person trained. Our service provider interviews suggest that there is substantial erosion in the placement figures is some programs even in the first weeks of employment. Without good followup data covering a considerable period following initial job placements, there is little that can be said with any certainty about the program's real value.

Lack of Funds for Data Collection and Evaluation. A principal reason for the inadequate information and analysis within the Illinois program was the lack of staff and money to do the job. Fund cuts sharply cut the state's job training staff even as it took direct responsibility for operating the program in the state's large cities and suburbs. The state lacks adequate funding to do this job [O'Brien, 22 August 1985].

The state has supported its data system in the same way adopted by many other states—by drawing on the 6% of JTPA funds set aside for incentive grants and technical assistance. The Labor Department did not disallow these expenditures and was explicitly told that the state would be spending the money for this purpose. There was at the same time, however, no explicit authorization of this use of the incentive funds. More recently, the Labor Department has been expressing doubts about this use of the funds, threatening to increase the fiscal pressures on the data system. State officials are urging the Labor Department to continue its policy of saying nothing about the issue and tacitly accepting the necessity of expending at least part of these funds on data collection and management.

Need for Information to Guide Planning. One basic need for better data comes in estimating the eligible population and setting program goals. The state's estimates are basically a compromise between two measures. Officials claim no more. According to both the Supervisor of Planning and Policy development, John Taylor, and his assistant in charge of planning modifications, Jose Limes, no one liked any data base available for calculating these statistics. What resulted represented an averaging of two sources: 1980

Census data on poverty and Employment Service data on the amount of economically disadvantaged who come through their doors every year. They "hope it is somewhat near the truth" [Taylor and Limes, 1 May 1985]. Yet, both of them referred to this index as "Mickey Mouse statistics." They complain that the JTPA legislation is ambiguous about equitable service and does not explain what is meant by in proportion to their incidence in the population.

No one has good correct information about how many women, blacks, youths, and Hispanics now need job training in Illinois. The state officials have merely combined the information from reported census data covering 1979 (from another economic era) with information from a source that may have contact with only a fourth or so of the Illinois jobless. It is not that the state officials intentionally employ useless data. The problem is that nothing that is current and accurate is available and no complex statistical formula for more accurate projections has been devised. The system of setting goals for employment of major groups of beneficiaries is, at best, based on very rough estimates. Better estimates of need would require new surveys of Illinois workers.

Summary. Data and evaluation are essential components of managing and deciding the worth of any social program. The JTPA law, however, tends to define money spent on management as wasted funds and has no requirement for evaluation. Under JTPA the Labor Department has not carried out the evaluation functions that it had exercised under previous federal job programs and the Department collects and summarizes very little information from the states. Under no requirement to produce such information and pressed for funds, the Illinois officials have not moved into the vacuum left by the federal abdication. They have neither the staff nor the funds to do the job. Much of the available resources for data collection are spent trying to avoid audits. The result is that very little is actually known about the impact of the program on jobless people in the state and almost nothing about its long-term effects. In the biggest city, basic data have not been reliably collected. The issue of the program's effectiveness deserves far more attention.

Chapter Nine

Nonenforcement of Civil Rights Law

When control of the federal job training programs was transferred to the states, many things were expected to change. The states were supposed to exercise a great deal of discretion within the basic framework of the programs. Certain things, however, were expected to remain constant. One of the most important was the federal guarantee against discrimination that had become an important aspect of the administration of all major federal programs as a result of legislation, executive orders, and court decisions during the 1960s and early 1970s.

The advocates of these laws had seen state and local governments as major barriers to equal opportunity. By the time of the Reagan Administration, however, advocates of decentralization said that these responsibilities would be transferred, along with program control, to the lower levels of government. Advocates argued that the states had long since accepted the principles of equal opportunity. The federal laws remain on the books, and the states could be trusted to enforce them. If there were any shortcomings, the federal officials would take any needed action.

In a society where minorities and women face intense problems in the labor market, job training programs raise obvious and sensitive questions of equity. Congress underlined the importance of these issues in the wording of the new law. Has state control of programs answered the needs of equity? Our study leads us to the conclusion that the transfer of authority, together with the policies of the Reagan Administration, produced a virtual disappearance of civil rights enforcement in job programs in the first two years of JTPA.

FEDERAL LAWS

The United States Congress has enacted sweeping and comprehensive laws to ensure that the civil rights of American citizens are guaranteed under the law. Discrimination on the basis of race, color, national origin, religion, sex, age, or handicap is clearly illegal. Yet in order for such measures to end illegal discrimination, they must be consistently and thoroughly enforced by those who are charged with this responsibility.

Our evaluation of JTPA programs has given us a unique opportunity to trace federal and state efforts to monitor and ensure compliance under civil rights law.

Section 167 of the JTPA law provides that all people participating in the program are covered by the federal laws against race, sex, handicap, and other forms of discrimination. It goes on to write a new civil rights guarantee for this act:

> No individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with any such program because of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief.

When states or other recipients violate any of these protections, the law authorizes the Secretary of Labor to initiate fund cutoff action or refer the matter to the Justice Department for possible litigation. The secretary is required to take enforcement action within sixty days of finding a violation and is authorized to issue regulations spelling out specific civil rights requirements.

Beyond the provisions of Section 167 of the Job Training Partnership Act of 1982, four other nondiscrimination laws apply to JTPA programs:

1. Title VI of the 1964 Civil Rights Act, as amended, which provides that no person shall, on the basis of race, color, or national origin, be excluded from participation in, denied the benefits of, or otherwise subject to discrimination under any program or activity receiving federal financial assistance [42, U.S.C. 2000d]
2. Age Discrimination Act of 1975, which provides that no person shall, on the basis of age, be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any program or activity receiving federal financial assistance [42, U.S.C. 6202]
3. Sect. 504 of the Rehabilitation Act, as amended, which provides that no otherwise qualified person shall, solely on the basis of physical or mental handicap, be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any program or activity receiving federal financial assistance [29, U.S.C. 794]
4. Title IX of the Education Amendments of 1972, as amended, which provides that no person shall, on the basis of sex, be excluded from participation in, denied the benefits of, or otherwise subject to discrimination under any education or training program or activity receiving federal financial assistance [20, U.S.C. 1681]

Under Executive Order 12250, the Department of Justice is responsible for coordinating the implementation and enforcement of laws to prevent discrimination in federally assisted programs. The Civil Rights Division of the Department of Justice has both the authority and the responsibility to ensure that federal agencies enforce their nondiscrimination mandates under statutory law. They are to publish implementing regulations consistent with uniform minimum standards promulgated by the Department and allocate adequate resources to meet this task [Washington Council on Lawyers 1983: 116]. A Washington Council on Lawyers study, however, concluded:

> Significantly, this Section's activities (for the first twenty months of the Reagan Administration) indicate a virtual abdication of this role. To date, its actions have consisted of the piecemeal reviewing and approving (or requiring changes in) the regulations proposed by other Federal agencies, and the drafting of one set of regulations, which have not yet even been published for comment. [Washington Council on Lawyers 1983: 116]

The United States Department of Labor, Office of Civil Rights, generated a draft set of JTPA regulations. The Justice Department had not approved these regulations as of January 1986, although the Job Training Partnership Act is now in its third year of operation. The new regulations, if isssued, are expected to reflect the narrowed interpretation of civil rights statutes adopted by the Reagan Administration following the Supreme Court decision in the case of *Grove City College*. The court ruling had held that the only entity to be held responsible under the federal law against sex discrimination is the unit or subunit which directly receives the funds. In the case of Grove City College, the decision asserted that since the financial aid office was the only "department" receiving federal assistance, it was the only unit which would be required to comply with sex discrimination requirements of Title IX—not the admissions office, or the academic department which benefited indirectly from such monies.

The Department of Labor has asserted that the Job Training Partnership Act supports the congressional conclusion that the states—not the federal government—assume an overseer's role regarding their subrecipients (local programs). In keeping with this interpretation of JTPA's legislative intent, DOL's proposed civil rights regulations are expected to clearly delineate the responsibilities of guaranteeing compliance to the states [U.S. DOL, OCR, July 1983: 10-11]. The Office of Civil Rights (OCR) Director William Harris stated, "We have *always* held this position—the only responsible actor is the one who is receiving the funding. The SDA is responsible, not the state; or the contractor would be responsible, if it is receiving the funds" [Harris, November 1984].

The proposed regulations rely on the Supreme Court ruling to narrow the scope of liability. To restore the strength of civil rights statutes and guarantee that compliance must operate at all levels of responsibility, the House of Representatives voted to overturn the *Grove City College* decision in 1984, clarifying the intent of Congress about civil rights coverage. The Reagan Administration, however, opposes this legislation. It had not been enacted by the end of 1985.

THE DEPARTMENT OF LABOR

The Secretary of DOL has delegated responsibility for the enforcement of civil rights statutes under the JTPA to the Labor Department's Office of Civil Rights (OCR), located in the Office of the Assistant Secretary for Administration and Management (OASAM). Prior to October of 1980, the Employment and Training Administration (ETA) of DOL was responsible for ensuring compliance with civil rights laws under federal training programs. In November 1981, the Reagan Administration took these responsibilities away from ETA and bestowed them on a newly-created Office of Civil Rights in OASAM. William Harris, the director of OCR, explained that, "The Justice Department reviewed Title VI monitoring and concluded that there may have been a conflict of interest" [Harris, November 1984].

Following the enactment and implementation of JTPA, the Office of Civil Rights (OCR) of the Department of Labor (DOL) held a conference in New Orleans in July of 1983. This conference, attended by state administrators from nearly all of the fifty-eight states and territories receiving assistance under the Act, was held for the purpose of outlining a training and technical assistance plan to assist states in the enforcement of civil rights statutes.

The "Technical Assistance Guide" discussed at the conference outlines the responsibilities of the federal and state governments and provides a set of "Methods of Administration." These methods were intended to be a temporary aid until the issuance of OCR's civil rights regulations. These regulations, as mentioned earlier, have not yet been approved by the Justice Department nor published in the Federal Register as a final rule [U.S. DOL, OCR, July 1983: 11; Harris, 4 February 1986].

The "Technical Assistance Guidlelines" distributed by OCR consisted of an explanation of the law and a set of administration methods recommended to the states. These methods include directives to state civil rights administrators:

1. This employee would coordinate the state's equal employment opportunity (EEO) responsibilities. This person should be assigned sufficient staff and allocated sufficient resources to ensure effective implementation of those responsibilities
2. States should take affirmative steps to inform applicants, participants, and employees that they do not discriminate in admission, access, treatment, or, where applicable, employment in its JTPA programs
3. States should display prominently, and in reasonable numbers, posters which state that they operate programs subject to EEO laws and which explain briefly the procedure for filing a complaint
4. States should review the job training plans submitted by their recipients to assess the equal opportunity impact
5. States should develop and implement a system for periodically monitoring the compliance status of subrecipients
6. States should establish procedures for resolving complaints filed with the state and for reviewing recipient level decisions
7. States are responsible for assuring that the JTPA programs funded through them are accessible to the handicapped and that program information is available, as necessary, in languages other than English
8. States should establish procedures for obtaining prompt action to correct and/or remedy noncompliance or, as necessary, to invoke sanctions where noncompliance cannot be resolved voluntarily
9. States should assure that characteristics data (e.g., race, sex, national origin, age, handicap status) are maintained in subrecipient records on applicants, participants, and employees and that such records are sufficient to determine whether that subrecipient is in compliance with the nondiscrimination and equal opportunity provisions of the Act

The Department of Labor has treated the JTPA as a "continuing state program," which, in accordance with Executive Order 12250, requires that states must establish methods of administration which provide a reasonable guarantee that the state and all recipients of Federal financial assistance will comply with the requirements of the Act. Executive Order 12250, 46 F.R. 52357 (27 October 1981) states that:

> Each State agency administering a continuing program which receives federal financial assistance shall be required by the granting agency to establish a Title VI compliance program for itself and other recipients which obtain assistance through it. The Federal agency shall require that such state compliance programs provide for the assignment of Title VI responsibilities to designated state personnel and comply with the minimum standards established in this subpart for federal agencies; including the maintenance of records necessary to permit federal officials to determine the Title VI compliance of the State agencies and the subrecipient. [28, c.f.r., 42.410]

This means that the states were obligated to set up a Title VI enforcement program even before issuance of special JTPA regulations.

REDUCED FEDERAL ENFORCEMENT EFFORTS

During the transition year of the JTPA, OCR felt that its role in this process was to provide technical assistance—to help states in the development of compliance systems. Early in 1984, OCR sent a questionnaire to each state liaison (e.g., the person who has been designated to direct EEO activities) or to the governor if such an individual had not been identified. The questionnaire asked for responses to inquiries regarding the State's methods of administration (e.g., record keeping, grievance procedures, etc.). The purpose of the questionnaire was to determine whether the administration methods each state had established would provide a reasonable guarantee that programs funded under the JTPA would be conducted in accordance with the nondiscrimination and equal opportunity requirements of federal law.

Harris explained that, "if methods of administration are in place, [DOL] will allow states to run their own programs and to be responsible for their SDAs. Complaints would still be handled at the federal level" [Harris, November 1984]. Although the law is very clear in placing responsibility for civil rights compliance on the agencies which provide financial assistance, Harris asserted that Congress and the Administration have stated the DOL does not need the same number of people to monitor JTPA as CETA required.

Staffing for OCR was a serious problem twice during the Reagan Administration. During fiscal year 1982, ten positions were eliminated and the staffing ceiling fell from 66 to 56 people. For the next three fiscal years, the office went back to its previous strength with between 67 and 70 authorized personnel. The president's budget for the 1986 fiscal year, however, called for cutting the staff by 24%. Because this proposal was pending before Congress, action on filling vacancies was frozen. The result is that about a third of the civil rights positions in the regional offices were vacant at the beginning of October 1985 [Harris, 3 October 1985].

Inadequate staffing in OCR represents a general trend in the Labor Department as a whole. Staff shortage in federal offices was a general problem in the JTPA program, according to a 1985 report to Congress by the General Accounting Office. The GAO reported that the Labor Department's Employment and Training Administration had lost almost half of its staff since 1981 and that those remaining "may not have the expertise or staff necessary to develop the technical and complex performance standards required by the Act." The agency reported that "morale at the ETA has been shattered," and that workers were threatened by the Administration's plan to continue cutting staff. Those dealing with ETA reported "problems with policy guidance," which they said was insufficient and unreliable [GAO, 22 May 1985]. A civil rights staff threatened by sharp reductions twice in five years and operating with no official regulations to enforce confronted similar problems.

Under CETA, the Labor Department used to receive and review local information regarding the characteristics of program participants and staff. Now these data are no longer examined at the federal level. Harris argued that the primary commitment must come from the local level. "Ideally," he asserted, "what should really happen is that the Service Delivery Areas will be willing to ensure compliance. Thus, the states need the commitment of the SDAs" [Harris, November 1984]. Thus the federal government, having formerly assumed active responsibility for compliance enforcement, was now hoping that the state and local governments will somehow effectively take on this role. Since the Labor Department has little data and a smaller staff, this assumption is based on trust alone and, as will be indicated, is not likely to be realized in the near future.

OCR reviewed the questionnaire responses received from the states to determine the adequacy of their methods of administration. A review of these responses determined that only eight states could be certified as being in compliance with statutory law. Letters warning that deficiencies in compliance systems had been noted were sent to forty-eight states and territories [Drayton, 31 May 1985]. The letter also said that "until OCR [could] certify that equal opportunity methods of administration are sufficient to provide a reasonable guarantee of compliance with equal opportunity and nondiscrimination laws, OCR must assume direct responsibility for assuring compliance. This means that (1) OCR [would] conduct periodic compliance review of [state] JTPA service providers; (2) OCR [would] not provide the State with the first opportunity to secure compliance where noncompliance is found, but may, as appropriate, deal directly with the subrecipient or service provider; and (3) [the state] will generally be presumed liable for the actions of its subrecipients" [U.S. DOL, OCR, 9 November 1984].

This idea of limiting enforcement to retroactive liability, however, is legally and administratively questionable. The Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Title IX of the Education Amendments of 1972, and the Job Training Partnership Act of 1982 all clearly place the responsibility for guaranteeing compliance with the secretary of each federal agency. Executive Order 12250 states that the federal agency "shall require" that state compliance programs be in place and adequate. If guarantees for civil rights compliance are not in place, the law requires that federal financial assistance not be given to support that program or activity. The law does not say that states may simply be held liable for after-the-fact violations of civil rights statutes while continuing to be federally funded.

Existing Department of Labor regulations for the effectuation of the Civil Rights Act of 1964 state that:

> If there appears to be a failure or threatened failure to comply with (this part), and if the compliance or threatened noncompliance cannot be corrected by informal means, compliance with (this part) may be effected by the suspension or termination of or refusal to grant or to continue Federal financial assistance or by any other means authorized by law. Such other means may include, but are not limited to (1) a reference to the Department of Justice with a recommendation that appropriate proceedings be brought to enforce any rights of the United States under any law of the United States (including other titles of the Act), or any assurances or other contractual undertaking, and (2) any applicable proceeding under State or local law. [29, FR 16284, 4 December 1964, Redesignated and Amended at 38, FR 17956, 5 July 1973].

The Department of Labor argues that the law requires the agency to temper its activity in civil rights enforcement to reflect the respect for governors and the states which it sees as basic parts of the JTPA law:

> OCR, on behalf of the Secretary, has developed a compliance program under which the State assumes the first-line responsibility for enforcing equal rights and nondiscrimination in JTPA programs. However, this enforcement scheme can be used only where OCR has first determined that a state has established appropriate methods of administration which provide reasonable guarentee of compliance . . . with applicable civil rights law. [Harris, 23 July 1985].

The letters to the states where methods of administration were deemed insufficient suggested that OCR would conduct periodic compliance reviews of JTPA service providers. Dave Morman, former chief of the Division of Policy, Standards, and Procedures in the Office of Civil Rights, candidly admitted that OCR had, indeed, gone in and monitored a few of the hundreds of Service Delivery Areas and found "that it requires a tremendous amount of resources. Our experience suggested that each SDA compliance review would take, on the average, three federal officials, two state officials, and a total of three weeks—and that's just to find out basically what's going on. We simply are not capable of conducting these reviews in significant numbers" [Morman, 3 May 1985]. The absence of clear and enforceable guidelines has prompted the need for intensive monitoring. Yet the resources are not available. It therefore seems unlikely that OCR will indeed engage in significant numbers of reviews in the future.

Morman recalled that ORC had planned to follow a path of action in which regional offices would contact noncertified states to offer technical assistance. States would then submit revised versions of their administration methods, and by FY 1985, 75% of states would become certified. "In fact," Morman said, in a May 1985 interview, "only six or seven states have been certified to date."

Fred Drayton, who replaced Morman in the Office of Civil Rights, suggested that, "this whole thing was sort of a good-faith effort. It was our belief that noncertified states would contact us and advise us of what they planned to do" [Drayton, April 1985]. Yet he also noted that, as an oversight, OCR had neglected to give states a "due date" (i.e., there was no indication in the letters of when OCR expected states would correct deficiencies).

Lastly, while the letters of noncertification suggested that OCR would provide the state with the first opportunity to secure voluntary compliance where noncompliance is found, but may, as appropriate, deal directly with the subrecipient or service provider, there is no staff able to do this on any scale. Without the resources and commitment to individually monitor SDAs in noncertified states, and with no local data, it is quite unlikely that noncompliance would be discovered at the federal level.

There have been signs of increasing civil rights activity in the Office for Civil Rights in recent months. After our release of a June 1985 report to the Subcommittee on Employment Opportunities, publication of a *Jobs Watch* report on civil rights deficiencies, and a subcommittee hearing in September, the processes have accelerated. The OCR has sponsored five regional workshops on administration methods in August and September and more were planned. Harris characterized the response as "very good." By October, twenty-three of the fifty-six states and territories subject to the law had certified administration methods for civil rights, and seven more have only one deficiency. Harris commented, "the situation has changed considerably." The OCR staff proposed that department administrators begin field visits to examine states and territories still uncertified in the third year of the program [Harris, 3 October 1985]. No strong enforcement actions had yet been taken, but there was clearly some strengthening of the civil rights enforcement process and a substantially increased awareness of the seriousness of the issue within the JTPA agencies in the states. In February 1986 the Labor Department reported 34 states and territories with certified policies and Harris said "We're getting ready to monitor the twenty-one that are outstanding until they are certified" [Harris, 4 February 1986].

The federal government has turned over enforcement authority to the states, and the states have been found to be using this authority inadequately. Thus, local program operators have become less likely to follow established guidelines for compliance.

This trend is evident in the following discussion of state and local efforts to ensure equal employment opportunity. In Illinois, enforcement efforts "from the bottom up" do not work. Illinois was one of the dozens of states which had not been certified as being in compliance with civil rights methods of administration; and Morman thought in mid-1985 that it "probably never will be" [Morman, 3 May 1985].

CIVIL RIGHTS COMPLIANCE IN ILLINOIS

On 9 November 1984, the State of Illinois was sent a letter [U.S. DOL, OCR, 9 November 1984] from DOL's Office of Civil Rights stating that the state's JTPA program had been refused equal employment opportunity certification. Based on questionnaire responses, OCR cited the following deficiencies:

1. *General Contracting Procedures.* The contracting procedures described by Illinois do not establish clear EO goals or obligations for its subrecipients, nor require subrecipients to sign an EO assurance specifically citing all equal employment opportunity laws applicable to JTPA programs
2. *Notification and Posters.* The questionnaire responses indicate(d) that, although some steps have been taken, there are several necessary steps remaining (e.g., there is no signed equal opportunity policy statement; religion, political affiliation and belief, and citizenship, as applicable, are not mentioned in the grievance procedure pamphlet). . . . Illinois must develop and distribute posters in languages other than English
3. *Accessibility.* At a minimum, (1) there must be a procedure for providing information and services in languages other than English and to the vision and hearing impaired, and (2) a self-evaluation, pursuant to 29 CFR 32.6(c), should be conducted. The methods of administration, as described by Illinois in its questionnaire response, do not ensure such accessibility
4. *Corrective Action/Sanction.* State methods of administration must include a procedure for resolving compliance problems either by achieving voluntary compliance or invoking sanctions. Illinois' questionnaire response indicates that such procedures are currently being developed. Approval is withheld until OCR has been notified that such a system has been implemented
5. *Record Keeping.* Illinois submitted no documentation on what information the state record keeping system can generate on services to participants, how it is formatted, with what frequency it is available, or how or by whom such data, if available, would be used for EO purposes
6. *Technical Errors.* Identified a number of technical errors (e.g., grievance procedure does not state that handicap compliants must be filed within 180 days) which need to be corrected

Six months after the receipt of the noncertification letter, state officials had made no effort to redress the problem. In fact, during a March 1985 interview with members of the staff of Illinois Governor James Thompson, it was discovered that the Labor Department letter, sent to the head of the Illinois Department of Commerce and Community Affair (DCCA), had not even been forwarded to the governor's office. As of

May 1985, two months after our research group informed the governor's staff of the state's noncerticiation and compliance problems, DCCA had not yet taken any action.

INADEQUATE STAFFING, RESOURCES, AND COMMITMENT

As of summer 1985, the EEO staff at the Department of Commerce and Community Affairs (DCCA) in Illinois had shrunk from an inadequate two professionals plus a secretary, to a single member whose responsibilities cover monitoring of DCCA programs. This individual was supposed to oversee twenty-six SDAs, fifteen Dislocated Workers Centers, the Displaced Homemakers program, the senior citizens program, forty Community Development Block Grants, and the U.S. Department of Energy Weatherization program. Due to this lack of manpower, only seven of the Illinois SDAs were visited by EEO staff between the inception of the Illinois JTPA program in October 1983 and summer 1985.

There may be grievances by subcontractors that "we don't know a thing about," said EEO officer George Woulard [Woulard, 4 December 1984], since subcontractors were not required to report complaints. He noted that there was a grievance procedure and that each JTPA participant must sign a form and receive a copy of the procedure, but those grievances which are heard on the local level do not result in any paperwork until they are appealed to the state or federal offices. Thus although Woulard was convinced that Title VI violations have been occurring, he could only uncover them by his infrequent on-site visits. Applicants are unlikely to notice the details of the procedure in the large stack of papers they see as they come into the JTPA system.

Having participated in civil rights evaluation during CETA's last days, Woulard was aware that CETA on-the-job training slots went in large proportion to white males, particularly in Southern Illinois, due to employer discrimination. Counselors would send three or four people to a prospective employer for each slot, and though two out of the three might have been black or female, the employer would often choose the white male over them. No similar evaluation has been done of JTPA, but he believed that SDAs would be more sensitive to such violations if they "knew somebody's looking over their shoulder." Nonetheless, a request for one full-time field worker was vetoed by the DCCA director of personnel. (See chapter 11 for evidence that blacks and women still receive relatively few OJT jobs.)

The state EEO office has been notified of only twenty complaints thus far, including racial discrimination, handicapped discrimination, and disputes over terms and conditions of employment. Targeted service to substantial segments of the population is mandated by the Act, but Woulard felt that this is a toothless requirement. Some SDAs were meeting the goals. Others were not.

Much of the needed information regarding actual participants was collected on the state's computerized Management Information System (MIS). Woulard hadn't requested it, however, because it's "pretty voluminous" [Woulard, 4 December 1984]. Lindsay Curtis, who was the EEO director until he left DCCA in May of 1985, pointed out that they could not take advantage of the MIS reports without staff, experts, and monitors. They did not have a computer terminal and had only recently received a password with which they could access the computer files directly through terminals in other offices [Curtis, 30 April 1985]. Furthermore, the new MIS—designed specifically to monitor the JTPA programs—reduced the amount of information available on participant characteristics. Under the old MIS used during the CETA years, it was possible to generate tables that cross-tabulated race and sex of participants. Such tables were nonexistent through the first two years of JTPA [O'Brien, May 1985].

Curtis lamented that within DCCA "all the way up the line, we do not have any support." It is significant that under the CETA program EEO staff had reported directly to high DCCA officials while under JTPA the staff is further down in the bureaucracy.

Support from the program's policy making council had declined. Under CETA, the state coordinating council was run by Warren Bacon, a black executive who had served on the Chicago Board of Education and was a very strong civil rights supporter. There were six black members. Sam Bernstein, who served on both the CETA and JTPA state councils, remembered that under Bacon's leadership, "those issues were ever present and omnipresent." The concern was institutionalized in the committee structure of the Council. Under CETA there were separate committees on black and Hispanic affairs which made issues of racial equity their principal concerns. There are no minority or civil rights committees on the present council. Although Bernstein did not believe current officials are opposed to civil rights, he conceded that the issue has far less priority [Bernstein, 17 June 1985]. The old council provided a built-in constituency and structure for civil rights enforcement. The present council does not.

Curtis moved to a position outside of DCCA in spring 1985, leaving EEO Specialist George Woulard alone to monitor equal opportunity activities for DCCA clients. Yet the enormity of his responsibility was perhaps less of a problem to Woulard than the fact that he had been left weaponless on the battlefield. The very lack of administrative procedures which caused OCR to withhold certification from Illinois put Woulard in a position where he could do no more than offer advice and assistance to those who wished to cooperate. Under such circumstances, there was no power to enforce sanctions or corrective actions. He summarized, "we really don't have too much to hang our hats on right now" [Woulard, 4 December 1984]. No legally binding regulations have been issued by either state or federal officials to enforce JTPA civil rights requirements. Local officials know that the Illinois Joint Committee on Administrative Rules has taken no action, and they are likely to challenge any demand from DCCA not resting on an approved regulation.

The situation became one of rhetorical stalemate. Though DOL had issued its letter of noncertification and had threatened to directly monitor SDAs, holding the state responsible for any offenses discovered, Woulard pointed out that the Reagan policies "took most of the teeth out of civil rights under this type of legislation" [Woulard, 4 December 1984]. Thus DCCA believed that noncertification did not threaten the state's federal funding, and in the absence of a *Grove City* reversal, they thought that a complaint made against an SDA would not threaten the state as a whole. As of 1 June 1985, DOL had yet to independently monitor an Illinois SDA and showed no signs of doing so in the near future.

State administrators, for their part, were not worried. Though Woulard had developed an administrative manual based on the proposed federal regulations, the official DCCA position was that the state's Joint Committee on Administrative Rules (JCAR) would not pass state regulations unless they were based on a current federal counterpart regulation that had been officially approved. The proposed DOL regulations [29 CFR, Part 31] are viewed as a mere draft of regulations that are still being reviewed by the U.S. Office of Management and Budget and the Justice Department. The Labor Department's *Technical Assistance Manual* was not followed in Illinois.

Woulard's manual was not submitted to JCAR, however, or approved by the Illinois Job Training Coordinating Council (IJTCC), a necessary step before it reached this legislative rule-making body. In particular, the rules needed the support of the Council's Program Review Committee, which had oversight authority on civil rights issues. State EEO efforts received little support from this Committee in the past, and efforts to move forward on rules or procedures were defeated. The Program Review Committee had two SDA directors sitting on this committee, and the chairman was Cook County SDA Director, Joseph Monaghen.

Curtis gave a presentation before the Program Review Committee during a March 1985 meeting, at which he explained DOL's letter of noncertification and outlined the existing situation. Committee Chairman Monaghan pointed out, however, that "decertification letters have gone to six other Great Lakes States and they don't care about it. Why should we care whether we're certified? Where does it say . . . [that we must be certified]?" [Program Review Committee Meeting, 13 March 1985].

The Program Review Committee was strongly inclined to leave civil rights enforcement to the discretion of local entities. Woulard doubted the efficacy of this approach, insisting that "you have to have a commitment from the top to the bottom in civil rights," from Washington on down [Woulard, 4 December 1984]. He felt that many of the new JTPA people at the SDA level "don't have the foggiest idea of what they are supposed to do," [Woulard, 30 April 1985] and "see it as an unnecessary bother" [Woulard, 4 December 1984]. A few supportive SDA officials, on the other hand, developed policies even with no state guidance.

Most local SDAs had appointed a staff person to be responsible for EEO activities, but often that person was also the personnel director for the SDA, a clear conflict of interest given the responsibility of enforcing the JTPA law against discrimination in hiring program personnel. In the Quincy, Illinois, SDA these duties have been assigned to a secretary. Chicago is the exception, having a full-time EEO staff. DCCA conducted no inservice training for EEO personnel, since there were no approved state policies to build training sessions around.

While the state EEO staff was successful in passing a grievance procedure (which was clearly mandated by federal law), the PRC defeated their efforts to establish an antinepotism policy. The state EEO was also unable to get approval for a handicapped accessibility survey from the Publications Committee of the Illinois Association of Employment and Training Directors.

Dennis Whetstone, director of the Illinois JTPA staff, echoed the PRC's lack of concern with state noncertification in May 1985, insisting that a policy was in place in the form of the grievance procedure. He admitted, however, that there were "not detailed rules." In regard to administrative guidelines and monitoring, he argued, "We're not going to go through an exhaustive state rule-making process . . . and then have DOL drop new regulations in our lap" [Whetstone, 1 May 1985]. He felt that equal employment opportunity and affirmative action should be written into private contracts (orchestrated by local administrators) and then monitored by federal auditors rather than by the state. He believed that the SDAs should "build in safeguards up front so the company understands 'we'll be back'" [Whetstone, 1 May 1985]. He added, "It's up to the federal auditors . . . to determine whether they comply in general. If we were monitoring civil rights as well as we should, we'd have to spend all of our money on that." He explained that administrative funds don't go very far and that he saw no reason to concentrate them on civil rights. "Nobody has ever come forward yet to show me that there is a problem. Why fix a problem when there may not be any?"

Whetstone went on to remark that "compared to CETA there's zero complaints" of EEO discrimination. Yet the lack of complaints was more likely to indicate lack of information and access by victims of discrimination than a sudden absence of offenses.

Without "somebody looking over their shoulder," said Woulard [Woulard, 4 December 1984] and without proper administrative procedures, contracting procedures and monitoring, record keeping, and sanctions, there was nothing to spur the SDAs and subcontractors into compliance—other than conscience.

Looking closer to home, DCCA's internal affairs have been less than optimal; recent history has been troubled. Under CETA, Illinois was sanctioned for a number of problems in its balance-of-state program, including EEO violations. The federal government began funding the Illinois program on a quarterly basis and eventually on a monthly basis. These actions culminated in the removal of Illinois CETA Administrator Grey Warner. This dismissal, according to Howard Roberts, former grants administrator in the Region 6 Department of Labor Office, was attributed to "his lack of aggressiveness in resolving a number of problems" including civil rights [Roberts, 4 June 1985]. These difficulties did not involve the present top administrators of the state of Illinois JTPA program.

INTERNAL EEO COMPLIANCE AT DCCA

Though DCCA's overall staff makeup includes a significant proportion of minorities and females, white males continue to dominate the top "official manager" category, and females are predominantly in clerical positions. Blacks are represented in the "Professional," "Technician," and "Clerical" levels. The total staff of 554, however, includes only three Hispanics, three American Indians, and five Asians. Table 9.1 presents the makeup of DCCA staff by race and sex as of March 1985.

There have been a number of legal challenges to the DCCA employment practices in recent years. Springfield attorney Theodis Lewis has been involved in several cases against DCCA in recent years. The issues included terminations and suspensions of black employees and reorganizations which abolished positions. The agency, he said, tried "different things to try and squeeze out black employees." Most of the cases were successfully negotiated with DCCA and did not go to formal proceedings. [Lewis, 14 June 1985].

Chicago civil rights attorney Laurie Leader frequently represented clients claiming DCCA discrimination against minority and female employees. She said that she has had seven or eight cases during the 1981-85 period and that she had lost none of them, although some were still pending. Most of them concerned employees in the job training offices. DCCA settled most of the cases in agreements including reinstatement, back pay, promotions, and attorneys' fees. The cases typically involved various forms of administrative harassment rather than outright firings, she said [Leader, 17 June 1985].

One of the cases was filed as a class action, alleging systemic discrimination. An experts' report by two economists found a clear pattern of sex discrimination, Leader reports, including pay inequality for similar positions. The Department of Labor conducted its own investigation of the allegations in this case and initially submitted its proposed findings of a pattern and practice of discrimination within the state agency to the administrative law judge. Leader expected to cooperate with the Labor Department in arguing the case, but the department withdrew its findings in 1983 and she lacked the resources to continue the class action. The result was a settlement for her immediate clients without protection for the entire class she believed was being discriminated against.

Table 9.1

Workforce of the Department of Commerce and Community Affairs

	Total	Men	Women	White	Black	Hispanic	Other
Official Manager	75	55	20	68	6	0	1
Professional	347	201	146	294	43	3	7
Technicians	15	8	7	13	2	0	0
Paraprofessionals	4	3	1	4	0	0	0
Clerical	110	11	99	93	17	0	0
Service and Maintenance	3	3	0	2	1	0	0

Quarterly Report, 31 March 1985

Source: George Woulard, Acting EEO Officer, Illinois Department of Commerce and Community Affairs [Telephone Interview, 28 May 1985].

Attorney Leader saw the patronage system as the main reason for the domination of the agency's top administrative structure by white males. DCCA, she claimed, has neither a regular posting procedure nor a practice of selection from lists related to qualifications for its high ranking positions. People tend to appear in these jobs, she claimed, without relevant experience. She pointed to the patronage operation of the governor's office, although it is difficult to prove, she says, because "usually it's all verbal." Traditionally, she said, "that agency has been the patronage agency of the state of Illinois" [Leader, 17 June 1985].

Leader said that the DCCA officials she deals with on civil rights matters have varied from case to case but have, in general, "progressively gotten worse over the years." Current JTPA Director Dennis Whetstone testified in one of her cases. He neither understands the issues, she said, nor delegates them to someone who does [Leader, 17 June 1985].

No one was supervising fair employment in DCCA in mid-1985. Woulard was not asked to do internal monitoring of DCCA personnel decisions after Lindsay Curtis left, although he was responsible for submitting the quarterly EEO reports to the Illinois Department of Human Rights. Internal monitoring was the job of EEO Director Curtis, who was not replaced as of 15 September 1985.

Woulard and Curtis were not optimistic about the initiative of DCCA officials on the subject of EEO. Curtis suggested that their "framework and mindset is not in that direction" [Curtis, December 1984]. "If it doesn't say definitively that you must do this, those folks upstairs are not going to do it" [Woulard, December 1984]. The situation had left him "between a rock and a hard place," trying to provide technical assistance by telephone and trying to remind the SDAs and Private Industry Councils that "they (do have) responsibility for civil rights compliance." Passivity at the federal level, inaction at the state level, and disinterest at the local level painted a dismal picture for the guarantee of equal employment opportunity under the JTPA in Illinois. The entire approach to civil rights rested on a series of untested assumptions.

Federal officials assumed the state officials would do the job without any policies or monitoring, state officials assumed local officials would do the same, and local officials assumed the contractors would handle the problem themselves. These assumptions amounted to nothing more than a belief that all of the violators of the past were now capable of monitoring their own performance without supervision, that they were willing to do so, and that significant civil rights problems no longer exist.

LOCAL CIVIL RIGHTS ENFORCEMENT

Our research staff conducted lengthy interviews with program directors and EEO officers in eight Service Delivery Areas (SDAs) across the state. We were interested in learning what procedures local officials followed to ensure compliance with the civil rights provisions under the Job Training Partnership Act and what sorts of activities and data collection the state government required of the SDAs.

The responses to our questioning of local officials generally fell into two categories: (1) some respondents felt that equal employment opportunity was not a significant issue in their area, and (2) others, particularly EEO officers who had been responsible for compliance under CETA, felt that there was no commitment from the state or federal governments to guarantee equal employment opportunity or to force localities to comply with the law.

Cheralyn Randall, EEO officer for Rock River Training Corperation in Rockford, Illinois, stated in a January 1985 interview that "very little is being done regarding EEO policies and affirmative action. This is not only true of JTPA programs in general, but also of my own agency. Even though I watch the employment practices that are out of line with EEO policies, there is very little that can be done. Pulling funds, which was a recourse under CETA, is really not much of a threat to contractors now."

Randall felt that there was a general lack of attention being paid to affirmative action in many program areas—not only in JTPA. She said the state criteria she has been advised to follow suggests that "unless there has been either a judgment or a suit against a particular agency or employer, they are found to be okay."

Randall cited an example of a problem that had arisen in Rockford. She had been advised by a subcontractor that an employer had requested only white males be referred for employment with them because their security dogs had been trained to work only with white males. "After going through the state procedures," she explained, "I found that the agency had no judgments against it and no suits, so there was nothing that could be done."

Other SDA officials felt strongly that neither the state nor the federal government was committed to ensuring compliance. Else Sorrenson, EEO officer of the Macon County Employment and Training Administration, explained, "there hasn't been a lot of

EEO activity since the JTPA was implemented. There has been no evidence to date that the state is doing anything to assure compliance, and there are no mechanisms in the law to assure compliance. There is no mandate for affirmative action as there was under CETA. There are just two people in Springfield working on it, and they must do other programs as well. That number just won't do. The state will not mandate civil rights compliance until the 'Feds' say they have to, and the 'Feds' just aren't going to do it" [Sorrenson, January 1985].

Some officials of local JTPA programs saw things differently: they didn't recognize the problem, or preferred the new delegation of EEO responsibility to local agencies. Joseph Monaghen, director of the Cook County JTPA program and chairman of the Program Review Committee on the Illinois Job Training Coordinating Council, suggested that, "the system is much easier to manage now, and there are not as many complaints as before. The complaints used to be about employer/employee relationships—sex and racial discrimination charges—but we do not see much of this now that we do the assessment and referral. Now we're able to control the mix" [Monaghen, January 1985]. Monaghen planned to put an emphasis on shifting EEO responsibilities to the contractors so "they will do their outreach accordingly. I believe in transferring responsibility down the line."

This perception of the state of civil rights compliance under the JTPA was based, however, on some unsupported assumptions: (1) because administration is "easier" it is somehow more effective, (2) fewer complaints suggests a better job is being done, and (3) placing compliance responsibility in the hands of contractors improves the system. Our analysis of civil rights law enforcement in the preceding sections contradicts all of these assumptions.

Many SDA program officials clearly did not understand their obligations under the law. For example, staff members in the Peoria area insisted there was no problem with equal employment opportunity compliance in their SDA. Terry Kohlbuss, director of the Peoria SDA, explained that it was not an issue because, "there are seven minorities on our staff: two counselors, three paraprofessionals, and two professionals" [Kohlbuss, January 1985]. No mention was made about nondiscrimination guarantees for program participants.

It was clear from these interviews that civil rights compliance procedures and sanctions were in large measure undefined under the Job Training Partnership Act programs in Illinois. The "good faith effort" that federal officials spoke of had serious consequences for enforcement at the local level. While many SDAs saw no state and federal commitment to EEO activities, it was apparent that others simply did not understand their responsibilities under the law. There were no sanctions for the SDAs which did not comply. No machinery existed to protect program participants and local employees from discrimination under the federally-funded Job Training Partnership Act programs in Illinois.

In June 1985 we concluded in a preliminary report to Congress that under state administration the guarantees of federal civil rights laws had ceased to exist. There were no policies; there were no standards; collection of data was inadequate for any serious civil rights enforcement process and the data collected was worse than that collected earlier in the program. The staff at the Office of Civil Rights at the Department of Labor had been reduced. The remaining staff had to enforce the civil rights provisions of job training programs across the entire country without clear policies to depend on. At the state level, one staff member, without a secretary or real access to the state's computer data system, was not only supposed to enforce federal requirements in job training programs operating in hundreds of sites across the state but was also supposed to carry out similar responsibilities for HUD's Urban Development Block Grant Program, for the Energy Department's Weatherization Program, and for the Department of Health and Human Services' Displaced Homemaker Program.

Although JTPA became law in 1982 and was clearly subject to both existing civil rights and equal employment opportunity laws as well as to the specific civil rights requirements of the new law, no civil rights law was in operation within the Illinois program in mid-1985. Any kind of enforcement of the law, we concluded, would require at least the following [Report to Employment Opportunities Subcomittee, 25 June 1985]:

1. A specific and official statement of what the law is and what those operating the program must do to comply with it—such statements would ordinarily be found in regulations, manuals, forms, and other directives to responsible offices
2. Data collection and monitoring to find out whether the participants were complying
3. Training and technical assistance to local offices and contractors
4. Insistence by top program managment that equal opportunity provisions are fundamental parts of management responsibility and that they would be used in evaluating local operations
5. Existence and use of a system of sanctions where noncompliance was found and the problem could not be resolved through technical assistance
6. Adequate staff and resources at all levels of government to ensure compliance with civil rights statutes

None of these components were in place in Illinois. None were in place in Washington. Although both the federal and state governments had tiny civil rights offices, they had none of the tools necessary to enforce a law of any sort, to say nothing of a very sensitive and complex set of equal opportunity laws operating within a society that is still highly segregated and unequal in terms of employment, income, and education.

Given the inadequacy of data, it was impossible to say how serious the problems were within the program. What was clear, however, was that there was nothing in place that would prevent the development of very severe problems or that would even detect their presence.

Recently, however, there have been important changes in Illinois. Although DCCA Director Michael Woelffer strongly attacked the study and asserted that Illinois was adequately complying with the law by requiring contractors to sign assurances of civil rights compliance and by enrolling large numbers of minorities in JTPA programs, the department's attitude changed by the end of August [*Chicago Tribune*, 3 August 1985]. In testimony before the Employment Opportunities Subcommittee on 4 September 1985, Illinois JTPA Director Dennis Whetstone conceded that the state had civil rights problems and pledged to bring the state into compliance in the near future.

> We also agree with some of the basic findings of a recent study by the University of Chicago which raises important and legitimate issues concerning roles and responsibilities at federal, state, and local levels to ensure and enforce compliance with equal opportunity and anti-discrimination laws.
>
> (There) is much to be done to resolve the confusion (which) exists in order to ensure that there is an adequate, coordinated civil rights enforcement system.
>
> (Illinois) is committed to having its methods of administration process certified by OCR in the immediate future. We are working directly with the staff at OCR to ensure that corrective action steps being taken are sufficient to ensure certification.

Nonenforcement of Civil Rights Law

> We continue to share the frustration of many in the (JTPA) system, however, at the confusion which remains regarding responsibility and authority to *enforce* compliance and impose sanctions. [Whetstone, 4 September 1985]

In the next weeks, the state government did submit many additional materials to the Department of Labor, which were under review in early October [Harris, 3 October 1985]. The state was not yet in compliance, but civil rights enforcement had definitely become an important issue and program leaders have adopted a more positive approach. Although the serious problems have yet to be solved, there was a new commitment to move in a positive direction. Four months after Whetstone's promise, the Illinois program came into compliance [Harris, 4 February 1986]. A new staff member was hired to replace Curtis [O'Brien, 30 January 1986].

SUMMARY

During the first two years of JTPA there was no significant civil rights enforcement either at the national or state level. Although officials in various agencies disagreed about the blame and about whether or not more enforcement was needed, the programs operated as if the laws had been repealed. Apart from the processing of a few complaints, almost nothing was being done. Already weak agencies were becoming weaker as their staff left or their budgets were threatened.

Signs of a significant revival of civil rights policy, however, were appearing by fall 1985. The Labor Department was more actively promoting complaince, though it was still waiting for a regulation. Many more states were in at least paper compliance with the Department's suggested Methods of Administration. The Justice Department, however, continued to block the regulation and to oppose affirmative action programs. There was a notable change of policy and attitude in the Illinois program. Although the changes so far, both in Washington and Springfield, have been more in words than in concrete action, we believe that the new attitudes could lead toward the creation of at least a modest civil rights enforcement policy within federal job training programs. Congress should reinforce these positive changes and carefully follow the results in terms of staffing, issuance of policies, compliance activity, staff training, the development of data showing the degree to which service is equitable, and the willingness of agencies to use sanctions when they are needed.

Chapter Ten

JTPA in the Field: Views of Program Operators

INTRODUCTION

"The intent of the [JTPA] legislation is fine because it gets away from make-work toward more relevant training. But we are not serving who we want to serve—the hard-core unemployed. We have to screen them out because of placement pressures and performance contracting" [Chicago service agency interview 1985]. In many ways, this represents the crucial conflict faced by JTPA service providers; while agencies strongly support the emphasis on short-term services and placement into private sector employment, they realize that such an emphasis may preclude working with those persons most in need of employment and training programs.

JTPA represents a shift away from remedial education and longer-term skill training toward employability services (e.g., interviewing skills, work attitudes, etc.), job development and placement, and short-term vocational training. Agencies support this emphasis because they find jobs for many participants. For many JTPA clients with educational skills and work experience, assistance in developing interviewing skills, knowledge of the job market and referrals to particular work sites may be sufficient in managing their employment-related needs. Yet other participants at a greater disadvantage in finding employment lack minimal educational skills or work experience. Such participants may require more substantial assistance than job search aid.

Perhaps the best means to assess the impact of the changes which JTPA represents is to visit and interview agency officials responsible for designing and delivering JTPA services to unemployed workers. Service deliverers are agencies with JTPA contracts that ultimately must determine what persons to serve and what services to provide, given the structure and requirements of JTPA. As such, they can provide essential information about persons most effectively served through JTPA and people whose employment-related needs cannot be adequately addressed, given JTPA programmatic and resource constraints.

METHOD

To obtain information from service deliverers, three SDAs were selected from the eight SDAs where extensive site visits had been conducted: Chicago, Northern Cook, and Rockford. Chicago was selected for a number of reasons: it is the largest urban area and encompasses the largest minority population in Illinois. Its overall unemployment rate of 10.4% is above the state average while the 21% unemployment rate of its black community shows the great severity of Chicago's persisting poverty. Northern Cook was chosen as a sharp contrast to Chicago, in that it represents a suburban area with a healthy, expanding economy. Finally, Rockford is representative of a downstate industrial area reflecting the severe economic problems many older industrial regions of Illinois are facing.

A list of service providers was obtained from each SDA. After deleting those service deliverers which served fewer than 35 participants, a quarter sample of Chicago and a one-third sample of Northern Cook and Rockford was selected. In Chicago, a sufficient number of those agencies randomly selected were contacted, were operating programs at the time of the interviews, and consented to an interview. However, Rockford and Northern Cook were problematic. Both lists of service deliverers sent by the SDAs included many agencies which were not operating at the time of the interviews; many agencies had completed contracts for the year while some agencies were new and were experiencing late program start-ups. In Rockford, we were unable to keep to the random sample but did interview the large majority of agencies which were operating programs at the time of the interviews. In Northern Cook, the list of randomly selected agencies had to be supplemented by additional agencies, as only approximately one half of those agencies on the SDA list were operating programs in early 1985. Outside of Chicago, we do not have a scientific sample—indeed there was no valid list to sample from since no list of currently operating programs was available—but we did speak to a large fraction of providers and received a consistent picture of results.

A survey questionnaire was developed to obtain information from service providers. Questions primarily focused on the following: (1) general administration; (2) client intake; (3) program services; (4) client placement; and (5) comparison to CETA. To contact agencies, a letter was sent to the agency executive director, explaining the research project and the role of the service deliverer interview in that research effort. Each director was then contacted to set up an interview time. Interviews were conducted at the agency site and lasted approximately one hour. Interviewers were guaranteed anonymity and are cited here only as "service providers."

Those interviewed provided a wealth of information on the effects of JTPA's current structure and administration. In certain areas, such as the need to provide preemployment and job placement services, or the administrative problems created by the JTPA program bureaucracy, agreement among agencies was substantial. On other important questions, such as the need to provide transportation and other supportive services, differences among SDAs were evident. Agencies perceived certain program requirements, such as evaluation and reimbursement based on entered employment rates, as being valuable but also creating limitations.

On still other issues, individual agencies reported seemingly contradictory opinions regarding certain aspects of JTPA. Private sector involvement was the clearest example of this, with agencies indicating that one of JTPA's strengths was such private sector involvement, but reporting that actual private sector involvement had not increased since CETA, that involving the private sector in training was difficult, and that it had a poor understanding of client needs and program operation. A number of program administrators were impressed by the goals of JTPA, troubled by some of their implications, and disappointed by results.

PROGRAM SERVICES

Agencies articulated a clear understanding about which participants they served well and which clients, given the structure and emphasis of JTPA, they largely ignored. "We do not serve some participants because we fear we will not be able to place them in jobs and we will be penalized if we don't," reported a Northern Cook service provider, while a second Northern Cook agency agreed that service providers are forced to cream: "We get those kids most ready for employment [while] the kids most in need are passed over." "We serve less women, youth, and clients without diplomas or GEDs and serve more people with skills. Previously we had more time to train, but now we do not have that luxury," reported a Rockford service provider.

The types of training offered and the emphasis on placement rates in both financial reimbursement and in evaluation are substantial determinants of which potential participants are served and in what manner.

Client employment-related needs. When agencies were asked to list what they consider to be clients' employment-related needs (see Table 10.1), the most frequent response was preemployment services (e.g., how to complete job applications, how to dress for an interview, punctuality and work attitudes, and similar activities). Basic skills training (e.g., reading and math proficiency) was the next most frequently generated response, followed by vocational skills training and supportive services. Comparing responses from SDAs, it was clear that Rockford service providers placed a stronger emphasis on basic and vocational skills while Northern Cook heavily emphasized the need for preemployment services. The Rockford Service Delivery Area had set no goal for basic skills training for the program year. Chicago agencies said they needed both skill training and preemployment services.

Agencies were asked to rate a number of specific services in terms of their importance to participants' employment-related needs. Aggregating across agencies, 94% rated job development and placement as very important, while 78% rated basic skills development and follow-up services as important to client employability. Preemployment services and supportive services were rated as very important by 71% of the agencies. Remaining services, including OJT, long- and short-term vocational training, and work experience, were rated as very important to participants' employability by 50% or fewer of the service deliverers.

Comparing unstructured and structured responses regarding participants training and service needs, both basic education and preemployment services were rated the most consistently as important services. While vocational training was cited as an important need in the open-ended question, a range of ancillary services such as job development, supportive services and follow-up services were more frequently cited as very important in the structured questions. Clearly, the most consistently rated services as being essential to participants were preemployment services and basic education.

Service shifts in JTPA relative to CETA. Despite the perception of service providers that preemployment and basic skills were both important to client employability, the agencies suggested that JTPA moves away from basic skills training toward preemployment, rather than providing both services. Evidence of this movement was found in questionnaire responses regarding whether agencies working under both CETA and JTPA had altered service provision under JTPA. The largest shift in services was toward

Table 10.1

Agency Responses on Necessity of JTPA Services, by Percent

Type of Service	Service Delivery Area								
	CHICAGO			NORTHERN COOK			ROCKFORD		
	very	somewhat	not	very	somewhat	not	very	somewhat	not
Basic skills	88	12	0	71	0	29	67	11	22
Preemployment	73	20	7	84	14	0	78	22	0
Short-term vocational	53	40	7	14	43	43	50	38	12
Long-term vocational	40	33	13	50	33	17	40	20	20
Private OJT	50	38	12	40	20	40	56	44	0
Public/nonprofit work experience	21	50	29	29	29	43	44	33	22
Job development & placement aid	94	6	0	86	14	0	100	0	0
Support services	69	13	19	57	29	14	89	0	11
Follow-up services	81	13	6	86	14	0	67	33	0

Note: The question was not applicable to all agencies, nor did every agency express an opinion on each problem. Therefore not every set of figures totals 100%. Numbers may not add to 100% because of rounding.

more preemployment and job development and placement services; almost half of the service providers reported increases in those services directly related to meeting program goals.

A significant number of agencies also provided more OJT and short-term vocational skill training. Over one-third of the agencies reported they were providing less long-term vocational training—the largest reported decrease in services. Many agencies did not provide certain services under either CETA or JTPA. For example, five service providers did not provide remedial education under either program. Agencies generally reported satisfaction with the emphasis on preemployment services and job placement.

Table 10.2

Adequacy of Programs Offered by Service Providers under JTPA*

	Service Delivery Areas								
	CHICAGO			N. COOK			ROCKFORD		
Service offered	Sat.	Dis. %	NA	Sat.	Dis. %	NA	Sat.	Dis. %	NA
Length of training	81	13	6	71	29	0	67	22	11
Suitability of training for available jobs	69	19	13	71	29	0	100	0	0
Support services	44	56	0	43	57	0	44	44	11
Lack of stipends	50	38	12	29	43	29	44	33	22
Agency's placement rate	81	19	0	71	29	0	67	22	11

*Numbers may not add to 100% because of rounding.
Source: Service provider interviews, 1985.

JTPA's focus on specific training and placement in a job was cited as a strength of JTPA by one-third of the agencies. When asked to indicate their degree of satisfaction with the length of training and the relationship between training and job placement, more than three-quarters of the agencies were satisfied with both aspects of their program (see Table 10.2).

Placement Rates and Problems. According to the service providers, between 80 and 90% of all participants completed JTPA programs in all three SDAs. Chicago and Northern Cook agencies placed 88% of the participants who completed programs in jobs. Rockford's reported placement rate was much lower (54%), but agencies attributed placement problems largely to the difficulty of placing youths.

It is tempting to attribute the high placement rates to the emphasis on employability services. However, the extent to which client selectivity, emphasis on OJT with its virtually assured post-program placement, and use of job development to identify jobs for participants contribute to the attainment of high entered employment rates is unclear.

Despite high placement rates, service providers reported placement difficulties (see Table 10.3). Approximately 60% of the agencies indicated that clients' lack of basic skills and lack of work experience were major problems which hindered placement. Less than 25% of the agencies reported that insufficient client training, training inappropriate to the available jobs, or insufficient jobs were major deterrents to placement. However,

Table 10.3

Problems in Placement of JTPA Trainees

Problem	Service Delivery Area								
	CHICAGO			N. COOK			ROCKFORD		
	Major	Minor %	No	Major	Minor %	No	Major	Minor %	No
Lack of Basic Skills	67	20	13	43	43	14	56	11	33
Lack of Work Experience	56	25	19	67	33	0	67	33	0
Child Care	50	30	20	43	14	43	22	33	44
Inadequate Training Program	8	46	46	14	29	57	11	44	44
Employer Selectivity	33	53	13	50	33	17	44	22	33
Lack of Jobs	7	33	60	0	29	56	33	11	56

Note: The question was not applicable to all agencies, nor did every agency express an opinion on each problem. Therefore not every set of figures totals 100%. Numbers may not add to 100% because of rounding.

Source: Service provider interviews, 1985.

more than 30% of the service agencies indicated that selective employers hindered placement of participants.

Client Access to JTPA Programs and Services. In addition to facing greater placement problems, more disadvantaged people face greater problems in gaining access to JTPA services. Before the client can enter a program, eligibility must be determined. Certain eligibility standards, which largely followed from JTPA regulations, were set out by SDAs. Service agencies frequently set additional criteria. In Rockford, six of nine agencies had set additional eligibility requirements, while more than half of the Chicago service providers had similarly established additional screening requirements. This contrasted sharply with Northern Cook, where only two of seven agencies had set additional requirements. The majority of additional eligibility standards pertained to academic proficiency; agencies required a minimal math and/or reading level or occasionally required a specific grade point average or a high school diploma. Such additional eligibility criteria tended to screen out more disadvantaged persons and help account for JTPA's low service to dropouts.

There is a link between participant selection for programs and the emphasis on placement rates in that agencies have often selected people needing less training so as to meet high placement rates. Five of nine agencies in Rockford and four of seven agencies in Northern Cook were dissatisfied with the use of placement rates as the only measure of program success for adult programs. They said that placement rates were a disincentive to working with participants facing serious unemployment problems. Approximately half of the service providers reported that emphasis on placement rates led to neglect of other programs and services. In reporting the weaknesses of JTPA, seven agencies specifically stated that JTPA requirements forced them to cream participants while six agencies further suggested that under JTPA they were unable to provide the necessary services to more disadvantaged people.

SUPPORTIVE SERVICES

Supportive services include the provision of transportation expenses, child care, wage stipends, and health and counseling services. Such services were provided in CETA and WIN programs to permit poor people without resources to afford long-term training. In a move to decrease the costs of program delivery and to attract only the more "motivated" participants, supportive services under JTPA have been drastically cut. Yet, according to service deliverers, provision of supportive services is very important to a participant's employment-related needs. Of the 32 agencies interviewed, almost three-quarters (72%) indicated that provision of supportive services was important. Rockford agencies claimed a strong need for supportive services; eight of nine agencies rated it as very important to a client's employment-related needs. Sixty-nine percent of the Chicago agencies and 57% of the Northern Cook agencies perceived supportive services as very important.

Less than half of the agencies reported being satisfied or somewhat satisfied with either the amount of supportive services or the policy of no wage stipends for participants.

Impact of the Level of Supportive Services. One effect of the lack of supportive services was client attrition. Client attrition was greatest for Rockford, where four of nine agencies reported attrition as a serious problem; this compares with four of sixteen Chicago agencies and one of seven Northern Cook agencies. The reason most often cited was the immediate need for income, while lack of transportation and a frustration with the enrollment process were occasional problems. Lack of child care was also frequently cited as a problem contributing to placement difficulties. The inability of a participant to locate child care was a major job placement problem for one-third of the agencies and a minor problem for another third.

Clearly, lack of income, transportation, and child care hindered certain participants from remaining in training programs or from being able to take jobs once training was completed. Many other potential participants facing similar difficulties (particularly in Northern Cook and Rockford) may have decided that they could not apply for training. Chapter 11 discusses the loss of potential participants in the early steps of determining eligibility and becoming enrolled. The analysis of support services in the research on job programs (chapter 2) suggests that provision of such services is not crucial for all participants but may be critical to those lacking alternative means of support throughout the training period.

PRIVATE SECTOR INVOLVEMENT

One assumption guiding JTPA is that private sector participation is essential to the success of employment and training programs. Service agencies, however, have had conflicting experiences. One Chicago service provider suggested that the strength of JTPA is the advantage to the employer of dollars the employer receives for training; this translates into a "willingness to consider (OJT) clients who would not normally be hired." Yet one Rockford agency leader argued that "industry has not embraced the concept of OJT in the area."

These comments reflect the contradictory perceptions of service agencies. When asked what they perceived to be the strengths of JTPA, the most frequent response was that JTPA increased the involvement of the private sector. An equal number of agencies, however, cited the involvement of the private sector as a weakness of JTPA. The unwillingness of the private sector to provide training slots, lack of technical knowledge regarding program operation by business representatives, and a lack of cooperation in planning and implementing of programs were problems cited by agencies. In addition, one-third of the service providers reported that screening by employers was a deterrent to successful job placement.

Service agency perceptions fit with previous observations made both in the SDA visits and with evaluation findings. Some SDA administrators, including Cook County's Joseph Monaghen, preferred to place all participants in OJT slots, in that OJT slots are "real jobs." Yet there is a limit to the number of training slots that even the most resourceful job developers can solicit from the private sector [Monahgen, October 1984]. DCCA's data also shows that OJT employees are more likely to be white men, reflecting selection by employers.

Similarly, earlier research shows that even with a 100% subsidy of youth wages and minimal accounting responsibilities, only 20% of those businesses contacted would agree to sponsor OJT training slots for youths. Conflicting views of private sector involvement may arise from both a belief that private sector involvement, particularly with regard to training, is extremely beneficial to participants as most participants remain employed in the positions and a realization that there is a limit to the availability of private sector training positions, along with a tendency toward screening out disadvantaged candidates.

Difficulties in generating private sector OJT positions may be due in part to what one Northern Cook agency suggested was an inherent contradiction. While the purpose of OJT is to provide clients with skills and work experience, employers are seeking workers already possessing skills. If most private employers seek employees with skills, this serves to substantially limit the availability of OJT slots for those with severe training needs. It also means that the jobs are likely to go to people who would get jobs anyway.

Comparison of CETA and JTPA Private Sector Involvement. The impact of private sector involvement was examined further with agencies that worked with both CETA and JTPA; seven of nine Rockford agencies and five of seven Northern Cook agencies had managed programs under both CETA and JTPA while nine of sixteen Chicago agencies had done so. Rockford was the only SDA where the majority of service providers reported greater private sector involvement under JTPA. Only one of five Northern Cook agencies and four of nine Chicago service deliverers reported increased private sector involvement.

Those agencies reporting greater private sector involvement were then asked whether that involvement had improved or had had no effect on certain aspects of their program. The largest impact was seen in the improved ability of agencies to make private sector placements; nine of ten agencies reported more private sector placements. Other improvements reported less often by agencies included an improved business community image of job training programs, improved quality of private sector placements, and an improved agency ability to offer training appropriate to local business needs.

Improvements such as increased private sector placements were not shared by all agencies. One Chicago service provider reported the continuing "need to convince employers that clients are reliable hinders placements. Developing positions for clients with no work history or skills is difficult." A Rockford agency reported that, "Employers are selective. Good enrollees [with a criminal record] won't meet private sector requirements. Other firms don't want [to hire] women or minorities." A Chicago service agency official stated this more strongly, citing blatant racism on the part of employers, in that some employers asked for three white workers to one black worker. A limited number of private sector placements may be available for the more job ready participants, yet they may be largely inaccessible to those clients with less education, fewer skills, limited work experience, and those who are not white.

ADMINISTRATION

One of the clearest problems in JTPA, according to service providers (see Table 10.4), is program administration. The most frequently reported weakness came under the heading of bureaucratic problems. More than 75% of the agencies reported problems associated with inflexible SDA program administration, excessive paperwork, and poor SDA management. Administrative difficulties are experienced with contract awards, client eligibility determination, and financial reimbursement. Frequently, agencies claim that general bureaucratic "red tape" is compounded by political factors, such as awarding contracts as 'political plums' to community organizations, or speeding up financial reimbursement to those agencies with stronger political support. Finally, it is evident that the roles and responsibilities of SDAs and service providers are not clearly defined. Agencies within any given SDA varied widely in their definitions of agency and SDA responsibility.

Client Screening and Follow-up. Screening potential clients for JTPA eligibility is a major source of administrative difficulty. The SDA, the agency, or both the SDA and service deliverer may share the responsibility for participant screening. While the majority of Rockford and Northern Cook agencies indicated that screening for program eligibility was the responsibility of the SDA, Chicago service providers were almost equally split in seeing the SDA, the agency, or the two combined as responsible for client screening. The lack of clearly defined responsibilities and standards for all three SDAs indicates that confusion regarding responsibility exists, or that there is no explicitly well understood policy.

Agencies that either performed their own screening or shared responsibilities with the SDA were asked whether they ever encountered difficulties in having their enrollees

Table 10.4

Agency Satisfaction with State JTPA Administrative Policies and Practices

	Service Delivery Area								
	CHICAGO			N. COOK			ROCKFORD		
Policy	Sat.	Dis. %	NA	Sat.	Dis. %	NA	Sat.	Dis. %	NA
Eligibility, Documentaion, and Reporting	44	50	6	57	43	0	89	11	0
Performance Based Reimbursement	75	25	0	43	43	14	44	33	22
Funding Level for Agency's Program	50	44	6	57	43	0	100	0	0

Source: Service provider interviews, 1985.

accepted as eligible by the SDA. Half of the agencies reported such difficulties. The majority of the problems encountered by agencies in all three SDAs dealt with inflexible documentation requirements. Changing enrollment forms and inflexibility on income guidelines were occasionally cited as problems.

Further inconsistencies were evidenced by agency perceptions of requirements for client follow-up services. Within each SDA, not all agencies indicated that they were required to follow-up participants after initial placement; those agencies which did report follow-up requirements varied in the length of time they kept track of the people they trained.

Agency Monitoring. Each SDA is responsible for monitoring its service providers. The nature of the monitoring appeared limited, in that it primarily consisted of paper financial and program audits. Site visits were reported infrequently by service agencies except in Rockford, where four of nine agencies indicated that the SDA made on-site visits.

Coupling the reports of SDA monitoring with the discussion of administrative enrollment problems suggests that the SDAs may have focused on ensuring that service providers thoroughly documented client eligibility rather than ensuring that the agencies provided the types of services which effectively addressed the employment-related needs of participants. As one Chicago provider noted, "JTPA exhibits distrust of the service provider as engendered by excessive accounting and reporting requirements." The rigid requirements at both the SDA and the state levels forced a large investment in documenting eligibility details and tended to produce perfectly filled-out papers.

Table 10.5

Agency Views on Effects of JTPA Placement Policies

	Service Delivery Area		
	CHICAGO	NORTHERN COOK	ROCKFORD
	Percent Agreeing with Statement		
Focus on placement rates makes agencies work harder to place participants	81	100	67
Focus on placement rates leads to neglect of other needed services	38	43	56
Focus on placement rates makes agencies more accountable	88	86	67
Focus on placement rates makes agencies strive for placement quantity at the expense of quality	50	71	67
Focus on placement rates does not adequately consider retention on job	67	67	89

Source: Service provider interviews, 1985.

Program Placement Rates. Except in youth programs, the sole JTPA evaluative measure is placement into employment. SDAs differed sharply in their satisfaction with placement rates as a measure of program effectiveness. While 80% of the Chicago agencies said they were satisfied with placement rate evaluation, almost three-fifths of the Rockford and Northern Cook agencies were dissatisfied. Agencies perceived placement rates as obscuring other program benefits or other positive terminations. Many participants who received services but were not placed for a variety of reasons are viewed as negative terminations. Other agencies suggested that initial placement rates did not indicate long-run success or job retention. Finally, requiring high placement rates were viewed as a disincentive to working with people experiencing more severe employment problems. Table 10.5 summarizes agency views of JTPA placement policies.

Agencies clearly believed, on the other hand, that an emphasis on placement rates made agencies work harder to find jobs and increased agency accountability. SDAs differed with respect to whether an emphasis on placement rates led to a neglect of other services; about half perceived this as a problem. Most agencies viewed placement rates as emphasizing quantity of placements over quality of placements. Finally, most service providers thought that an emphasis on placement ignores client job retention.

SUMMARY

The experience of the service providers we interviewed shows both the success of many organizations in adapting to the requirements of JTPA (those who did not are no longer service providers) and the deep ambivalence they often feel about its goals and assumptions. Contrary to our expectations, there was little outright rejection of either the program or its basic assumptions, even in SDAs with very serious employment problems. Most believed that efforts for more private sector involvement and increased accountability for placing trainees in work situations had positive value and should not be rejected out of hand. Some expressed strong approval for the more businesslike, less social service, orientation of the program. At the same time, they knew the program standards put pressures on their agencies, that these new policies had costs, that they decreased the number of participants with severe training needs, and that they gave agencies incentives for screening out those potential participants most in need of basic skills. Most did not see the increased private sector involvement they favored, and some reported negative private sector roles, such as still further screening to select the best of the least disadvantaged population for private job opportunities. At the level of local agencies, JTPA looks like a program with sweeping claims but limited performance and real social costs.

Chapter Eleven

Training Need and Access to JTPA Programs

When operating a job training system with radically reduced resources and increased performance standards, the questions of who really needs training, who needs it the most, and who is most likely to profit from it often seem academic. By any definition, the need for training is so many times greater than the available funds that the great majority of the people in need are going to be left out. Many job training officials become impatient when asked about who are the most needy of the hundreds of thousands of jobless people they might serve. If a person is out of work, they often remark, he is needy and deserves help.

Although it is easy to understand the frustration of overburdened officials in underfinanced programs, it is not true that all jobless workers are equally needy or are equally likely to receive a long-term benefit from job training. A white male worker with savings, education, and solid job experience is much more likely to find a job without assistance and much less likely to show a permanent gain from a training program than a worker who would otherwise have very little to offer to a potential employer and who is a member of a group often subject to discrimination. The very limited nature of JTPA resources make it all the more important to look carefully at the wisdom and equity of current policies and practices at all levels of the training system.

The stated intention of the law is "to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training" [P.L. 97-300, Section 2]. The legislation is based on a human capital approach to labor market problems. Put forth in its current form by Schultz [1961] and Becker [1975], the human capital model views earnings as a monetary return on the skills (human capital) that each worker brings to the labor market. The intent of the legislation is to increase the skills of disadvantaged persons so that they can increase the earnings they command in the labor market. Title II, the main Title of the Act restricts eligibility for 90% of the training slots to the economically disadvantaged. (The Title III dislocated workers program has no such limit.) In Title II, one-tenth may be used for persons who are not economically disadvantaged if they are school dropouts, teenage parents, displaced homemakers, etc. For purposes of the Act "economically disadvantaged" includes persons who receive cash welfare benefits or food stamps, persons who have received a total family income for the six month period prior to application for the program below either the federal poverty level or 70% of the Department of Labor's lower living standard, and foster children and handicapped adults who meet the income requirements even if their family's income is above the required levels.

Training Need and Access to JTPA Programs

While JTPA's intent to afford job training opportunities to the disadvantaged is clearly stated in the legislation, high unemployment rates, a growing working-age poverty population, an unprecedented emphasis on performance standards, and extremely low levels of funding have created a job training system that serves primarily the most advantaged segment of the vast eligible population. People most in need of training and from the kinds of backgrounds which have shown the greatest gains from training in the past can be served at only minimal levels.

The Eligible Population and Its Training Needs. JTPA and other manpower training programs have often been targeted to the economically disadvantaged because the most severe labor market problems are generally concentrated among groups that are overrepresented in the population living below the poverty level: racial and ethnic minorities, youths, women, and those with low levels of education. In 1983, the poverty rate for working age (15 to 64 years old) women was 15% compared to only 11% for men; for whites, it was 10%, for blacks, it was 30% [U.S. Bureau of the Census 1985: table 14]. While 69.8% of the total adult population had a high school education, only 45.1% of those persons with incomes below the poverty line did [U.S. Bureau of the Census 1985: table 13]. Similar patterns emerge when one looks at rates of unemployment. In December 1984, when the national unemployment rate was 7%, the unemployment rate among blacks was 14.4%; among black youth 16 to 19 years old the rate was 46.3% for males and 37.2% for females [U.S. Department of Labor, January 1985: table 2]. If those discouraged workers no longer seeking jobs were included, the rates would be far higher.

Funds for job training activities have been dropping steadily while the size of even a narrowly targeted eligible pool has been growing steadily. In 1978, when CETA was reauthorized, almost 14 million working age Americans, 9% of that population, were living in poverty [U.S. Bureau of the Census 1979: table 14]. When JTPA was enacted in 1982, the number had increased to over 19 million [U.S. Bureau of the Census 1983: table 14]. By 1983, the number was 19,750,000—an increase of 44% over the 1978 level [U.S. Bureau of the Census 1985: table 14]. In 1983, the poverty rate for working-age Americans was 13%, a rate higher than at any time since 1965 [U.S. Bureau of the Census 1966-85: table 14].

Although poverty trends dramatize the increasing numbers of persons in need of job training, they do not begin to detail the characteristics that put members of the poverty population at such a disadvantage in the labor market, nor do they show the effects of that disadvantage. Limited education often creates the worst disadvantage in the labor market. While the difference in the percentages of persons in the total population and those in the poverty population who have at least a high school education is striking (69.8% vs. 45.1%), the situation is even worse for the most disadvantaged members of the poverty population. Only 34.7% of black males and 41% of black females living in poverty have at least a high school education [U.S. Bureau of the Census 1985: table 13]. For persons living in poverty areas, the situation is devastating for both blacks and whites. Only about one-third of the whites and blacks living inside poverty areas in metropolitan areas have at least a high school education [U.S. Bureau of the Census 1985: table 11].

Low levels of education make it virtually impossible for some people to gain entry into the labor market; for others, it means they can gain access only to low-wage, dead-end, often temporary jobs. In 1983, almost 2 million working age persons living below the poverty line did not work at all because they could not find work. In that same year, another 9.4 million men and women worked but did not earn enough to bring themselves and their families out of poverty [U.S. Bureau of the Census 1985: table

14]. In addition to earning low wages, persons living in poverty were also more likely to experience periods of unemployment, were more likely to be unemployed for more than 27 weeks, and were more likely to work part-time than their counterparts in the population at large.

While 16% of the total working population experienced one week or more of unemployment during the year, 39% of the poverty population did so. Similarly, while 24% of the unemployed in the general population were unemployed for 27 weeks or longer, over 38% of the unemployed poverty population faced long-term joblessness. One fourth (23%) of the total population worked part-time in 1983 compared to 42% of the poverty population [U.S. Bureau of the Census 1985: table 14].

A 1984 study of unemployed male workers using longitudinal data [University of Michigan Panel Study of Income Dynamics] found that over a ten year period (1967-76) when there was widespread incidence of unemployment, the burden of unemployment was quite unevenly distributed. About 5% of those men who were ever unemployed accounted for nearly half of the total work lost, averaging 96 weeks of unemployment. This long-term unemployment was far from random. It was concentrated disproportionately among high school dropouts, among workers in blue collar occupations, and among workers in the construction industry. While only 31% of the male household heads in the study had less than a high school education, nearly 60% of the long-term unemployed had not completed high school [Duncan 1984: 105].

Although it is possible to detail the employment and unemployment experiences of the population eligible for training under JTPA, it is much more difficult to determine what percentage of the population living below the poverty line is not in the labor force at all because they do not believe they have a chance to compete for available jobs. A study completed by the National Commission for Manpower Policy in 1978 determined that youths, persons of retirement age, and women with no work experience were most likely to be "discouraged workers" who are not in the labor force because they either believe there are no jobs available or because they do not believe they are qualified for most jobs. An analysis of data available on discouraged workers determined that a significant proportion of discouraged workers were not seeking work because they believed they lacked the skills necessary to enter the labor market. In comparison to persons who were not looking for work because they did not believe jobs were available, this group was more likely to be young and white. Overall, discouraged workers were twice as likely to be female than male [Wool 1978: 52].

Clearly, high unemployment rates, long periods of unemployment, low levels of education and high discouraged worker rates distinguish the poor from the nonpoor. However, recent research shows that the popular conception of "the poor" as a homogeneous, stable group is simply wrong. The same can be said of the portion of the poverty population in need of employment and training services. The population includes youths who are having trouble getting a foothold in the labor market, unskilled adults whose permanent earnings are low, adults with no previous labor force attachment, and workers with higher earnings who have been either permanently or temporarily displaced from their normal employment and earnings pattern. Recent studies also show that the "poverty" experience for each of these groups is radically different and suggest that very different employment and training resources may be necessary to facilitate the movement out of poverty for persons entering poverty for different reasons.

Although many studies conducted in the 1970s found that most poor people were poor for only a few years, a recent study completed by Bane and Ellwood [1983] calls those findings into question. Their research, which looks at "spells of poverty," finds that 60% of the persons in poverty at any one point in time are in the midst of a spell of poverty which will last eight years or more. While many people who slip into poverty are quite successful at getting out, there is a substantial population that is persistently poor. Policies to aid the poor must be designed to take the very different needs of these two populations into account.

The characteristics of the persistently poor differ substantially from all other groups in poverty [Duncan 1984]. Persistent poverty is heavily concentrated among blacks and particularly among families headed by black women. Blacks accounted for 42% of the one-year poor in Duncan's study and 62% of the persistently poor even though they constitute only 12% of the entire population.

Persistent poverty is predominantly among families headed by women. Although just about one-fifth of the entire population lived in families headed by women, they accounted for more than three-fifths of the persistently poor. Similarly, 4% of the persistently poor lived in families headed by nonelderly white men as compared to 20% in families headed by nonelderly black men [Duncan 1984: 50-51]. Very few families headed by working-age white men experience persistent poverty.

Bane and Ellwood's research further suggests that movement into and out of poverty differs among segments of the population. The implications for employment and training policies and programs are striking. A decline in a head of household's earnings accounted for the largest portion—but only 37%—of the movement into poverty. A decline in the earnings of secondary earners (wives, teens, etc.) triggered another 14% of all spells of poverty. While an earnings decline explained the movement into poverty of 60% of male heads of households, this was the critical factor for only 14% of female heads of households. Two-thirds of female heads of households became poor by becoming a single parent through separation, divorce, birth of a child, etc. The movement into poverty for adults without children is more diverse. For some, it results from an earnings drop; for young men and women it often starts when they decide to move out on their own and establish an independent household.

The reasons why people become poor are important because they often determine how people experience poverty. Persons starting their own household generally experience the shortest stays in poverty. A decline in a head's earnings or a spouse's earnings usually results in poverty not lasting more than four years. Female heads of households experience much longer stays in poverty than other groups, with most of these families staying in poverty for at least five years. Children born into a poverty household experience the longest stays in poverty, with most staying in poverty for a minimum of seven years [Bane and Ellwood 1983].

The longer a person stays in poverty, the lower the chances of escape are. Fifty-nine percent of persons beginning a spell of poverty will exit within two years. However, only 27% of those persons who have been poor for three years will escape within the next two [Bane and Ellwood 1983].

The implications of this research for employment and training policy are many. It suggests that employment and training needs differ significantly among different segments of the JTPA-defined eligible population. More importantly, it suggests that opportunities for training may mean the difference between a life of poverty and a life of self-sufficiency for more and more persons. Families headed by blacks and women are especially at risk.

In the past, securing a job even at a low-wage level was a route out of poverty, but that has become less and less true in the 1980s, particularly for people from backgrounds where persistent joblessness is more common. In 1979, 600,000 persons worked but had incomes so low that they were eligible for supplemental welfare payments [Center for the Study of Social Policy 1982: 13]. Until 1981, federal law provided a financial incentive for the working poor to seek and maintain employment by requiring an initial deduction of $30 in monthly earnings plus one-third of remaining earnings, and work expenses (including child care costs). However, the 1981 amendments sharply reduced the economic incentive for low-wage work [CBO, 1984].

As a result of the amendments 500,000 families lost AFDC benefits nationwide [Research Triangle Institute 1983]. The most straightforward effect of the changes was to lower the overall family income of low-wage families, pushing more and more families into poverty. In Wisconsin, there was a doubling of the poverty rate, to 55%, for these families [Cole 1983]. In New York City, the rate more than doubled with 18% of the families below the poverty line before the cuts and 43% below it after [Ginsberg 1983]. Families interviewed in numerous studies reported they were unable to make up for the income lost because of the AFDC grant termination or reduction. Even those families that expressed an interest in increasing the number of hours they worked or in taking on a second job found that labor market conditions or family responsibilities kept them from being able to do so. Their poverty worsened and it manifested itself in more family and financial problems [Wolock 1983; Ginsberg 1983; The Center for the Study of Social Policy 1983].

In the 1960s, minimum wage policy was accepted as an aspect of the war on poverty. While economists generally agree that minimum wage policy has both positive and negative consequences, it was accepted as a policy to lift individuals and families out of poverty. However, the minimum wage has not been raised since 1981. The result is that it has not kept pace with inflation, and its impact as an antipoverty mechanism is rapidly deteriorating. Until 1980, a worker with two dependents working 40 hours a week, 52 weeks out of the year could earn enough to live above the poverty line if paid the minimum wage. Since 1980 even a worker working full time at minimum wage cannot earn enough to escape poverty if he or she has a family to support. The Reagan Administration has not proposed an increase in the minimum wage. It supports a subminimum wage for youths. It is a popular opinion that few workers actually earn the minimum wage and that those who do are not responsible for families. A study completed in 1981 by the U.S. Minimum Wage Study Commission determined that there were 10.6 million wage and salary workers who held jobs that paid the minimum wage or less, accounting for one-eighth of the total workers. Seventy percent of the workers were over twenty. Women accounted for two-thirds of all minimum wage workers, and black women were 1.4 times as likely as white women to earn the minimum wage or less. One million of the women earning minimum wages were the only source of income for their families. One-fourth of all female-headed families had minimum wage workers [U.S. Minimum Wage Study Commission 1981].

Recent studies show that about 50% of the recent increases in poverty can be attributed to high unemployment rates. An economic recovery can be expected to lift those persons out of poverty who have slipped into it for short spells, but it is not likely to have much affect on those persons for whom poverty is much more persistent. Job training is essential for these persons, yet the performance of manpower programs suggests that a commitment of much greater resources and much more innovation is necessary to effectively train those most in need of training. JTPA policies discourage providing those most likely to be persistently poor the kind of skills that would improve their labor market position.

Serving the Disadvantaged: Lessons from History. The impact of any job training program ultimately depends not only on its ability to serve the population most likely to benefit from training, but also on its ability to provide the types of training that will produce the greatest gains in the long run. Between 1965 and 1972, 46.3% of the participants trained in MDTA programs were blacks and 43.9% were women. In addition, 73.2% of the participants were under the age of 22 and 78.8% had less than a high school school education. However, minorities and women were concentrated in work experience programs that provided little training while white men were concentrated in programs that focused on skill development [Perry et al. 1976].

The type of training and the population served varied over time during the CETA years. When CETA was enacted in 1973, its targeted population was diverse: the economically disadvantaged, the unemployed, and the underemployed. Before the legislation was amended in 1976 and 1978, CETA had evolved into a two-tiered training system. The most disadvantaged participants were enrolled in the CETA training programs, which paid low training allowances, except for a very small on-the-job training program. The less disadvantaged mostly used CETA as an employment program, particularly in the early years, obtaining higher wages and immediate jobs through Public Service Employment programs [Bureau of Social Science Research 1982: 110]. In 1976, participants in general were more likely to be nonwhite, considerably younger, and less likely to be welfare recipients than the eligible population [BSSR 1982: 35].

CETA was amended to tighten eligibility requirements. The 1978 amendments turned CETA, particularly public sector employment, sharply toward serving the disadvantaged. By fiscal year 1980, 92% of the new enrollees in PSE came from poor families with incomes no greater than 70% of the Department of Labor's lower living standard. New participants with less than a high school education increased their share of PSE jobs from 25% in 1978 to 35% in 1980. The females' share went from 38% to 46%. Minorities obtaining PSE jobs increased from 39% to 48%, public assistance recipients from 22 to 31%; youths in PSE jobs increased from 23 to 28% [BSSR 1982: 115].

Clearly, targeting services to the disadvantaged was an issue that began under CETA. With that targeting came an increased emphasis on verifying eligibility, which has carried over to the JTPA system. However, JTPA has differed dramatically from CETA in its unprecedented emphasis on meeting performance standards. When JTPA was enacted, groups concerned about the training needs of the disadvantaged feared that this emphasis would result in creaming. Evidence from Illinois suggests that those concerns were justified. High unemployment in the state has facilitated this process. The number of persons in need of employment and training services is so much greater than available resources can provide; service providers can serve the most advantaged of the eligible population groups and still meet the the mandates of the legislation. Persons most in need of training services are not served because they are more costly to train and they are not as likely to enter employment.

TRAINING THE DISADVANTAGED IN ILLINOIS: THE FIRST YEARS OF JTPA

Counting the Eligible Population. JTPA requires not only that 90% of the participants in each service delivery area be economically disadvantaged but also that efforts be made to provide equitable services to "substantial segments" of the eligible population [P.L. 97-300]. Therefore, states have had to develop procedures to determine the composition of the eligible population by sex, age, and race. In Illinois the task of developing such procedures has not been an easy one. There is an extreme paucity of

Table 11.1

Substantial Segments: Lake County

	1980 Census %	Employment Service Applicants %	Average %
Male	41.6	46.3	42.4
Female	58.4	53.2	57.6
White	65.1	53.1	63.4
Black	19.4	39.2	22.3
Hispanic	13.1	6.9	12.2
American Indian	.4	.1	.3
Asian	1.7	.6	1.6
Other	.3	0	.3

Sources: U.S. Department of Commerce, Census Bureau, 1980; Illinois Bureau of Employment Security, ESARS, 30 September 1982, table 94. Estimates prepared by the Illinois Labor Market Information Service.

information available on state and local poverty. While detailed characteristics of the population below the poverty level are collected annually at the national level, the only information available on the state and local levels is collected in the decennial census and is seriously out-of-date by middecade. In an attempt to account for more recent poverty trends in the state, DCCA has developed procedures that use information from the 1980 Census combined with information on disadvantaged persons who register at the state employment service offices to look for work. It is a better measure than either the 1980 Census or the job service information alone would be, but it has serious limitations.

The procedure DCCA has developed is a simple one. It uses information from the 1980 Census to help determine what proportion of the poverty population falls into each of several categories. DCCA determines incidence levels of poverty for race, sex, and age. It then gathers the same information from the applicants at local employment service offices. The JTPA incidence level is determined by averaging the percentages obtained from each of these sources. An example of this procedure is presented in Table 11.1.

Job service information might be expected to provide a more accurate picture of the current dynamics of poverty in the state than the old poverty data, but job service is not used equally by all persons in need of employment services. Therefore, by itself, it is an extremely biased measure of the eligible population. In April of 1985, the Department of Labor determined that only 26.8% of the unemployed used employment service offices when they were looking for work. Those persons using the service were more likely than the total poverty population to be male rather than female, more likely to be black than white, and more likely to be job losers than reentrants or new entrants into the labor force [U.S. Department of Labor, *Employment and Earnings*, April 1985].

For the nine SDAs for which this information was available, the percentage of women was significantly less than the 1980 Census estimates. The trends for race and for age varied considerably between SDAs. In all of the SDAs, women were underrepresented [DCCA, Research Office, Labor Market Information Service]. However, because the Census estimates overestimate the pool of women in need of employment and training services since there are a large number of women who do not want to work outside the home, it is likely that the average of these two measures is a better approximation of the number of women in need of job training.

While the Census may provide an accurate count of the number of persons who were living in poverty in 1980, it does not provide an exact count of the number of persons who are actually in need of job training at any point in time. In general, the training needs of youths and women would be overcounted in Census estimates. Some youth are in school fulltime and not interested in entering the labor market, and some women may be at home taking care of their families and not able to enter the labor market. Employment Service data exclude those persons who are not in the labor force but would be if they believed jobs were available or if they believed they had the skills they needed to enter the labor market. The actual number of persons in need of employment and training services is probably somewhere between the two estimates for all of the segments of the population that the program intends to serve.

It is clear that the procedures developed by the state to estimate the substantial segments of the eligible population are problematic. However, it is the only presently available estimate of need. It is one tool to help determine to what degree the present JTPA system is actually able to provide equitable services.

Entering the Training System: The Applicant Pool. Most of the data concerning the success of JTPA deals with the placement rates of the people trained by the various programs. In evaluating a program that has resources to serve only a very small fraction of the state's unemployed, there is a fundamental set of questions that must first be answered about those who fail to gain enrollment. How do people get in touch with the system, how are some screened out, and what are the consequences of the screening processes? Enrollment is the first step, and an extremely important one, in a process of cumulatively unequal treatment within the training system.

Our survey of service providers and interviews with SDA employees show that people become aware of JTPA programs through a range of mechanisms including newspaper and radio advertisements, word-of-mouth, public assistance offices, and other social service agencies. In Chicago, 50% of the service providers interviewed noted that applicants most frequently learned about services through word-of-mouth. The survey data, the interviews with SDA employees, and the state transition year data [DCCA Report 202, 1984] all indicate that many more persons come into contact with the JTPA system than are actually served. During the transition year, only 37% of the persons who applied for JTPA programs in Will County, for example, were actually enrolled. Between 50 and 60% (percentages = enrolled/total applications) of the applicants were enrolled in the Rockford, Waukegan, Peoria, Du Page and Northern Cook service delivery areas [Report 202, JTPA MIS Intake Assessment, SDA Summary for Waukegan, Peoria, Dupage and Northern Cook; Percentages = Enrolled/Total Application; Internal Memorandum Rockford SDA]. Several reasons may account for this pattern: a rigorous eligibility determination process, a limited number of training slots, the limited appeal of training programs which place participants in low-wage jobs upon completion of training, lack of support services, and the inability of JTPA programs to serve persons with extremely disadvantaged educational and employment backgrounds.

A study completed by the Du Page County SDA office, serving the state's most prosperous suburban area, found that there were marked differences between the persons who enter training programs and those who do not. The study, based on a sample of applicants who were determined to be eligible for JTPA services, found that women, welfare recipients, and whites were more likely to enter training programs than were men, nonwelfare recipients, and blacks. Fifty-nine percent of eligible females entered training while only 36% of males did so. Blacks, whether they received welfare or not, entered training less often than whites. Seventy-two percent of whites receiving welfare and 49% of those not receiving welfare entered training programs, whereas 42% of blacks both receiving and not receiving welfare entered training. Fifty-six percent of all persons receiving welfare entered training compared to 48% of those not receiving welfare [Internal Du Page JTPA Memorandum, 29 January, 1985].

While similar patterns can be identified in some of the SDAs studied, these findings cannot be generalized to all transition year JTPA programs. Of eight SDAs (see Table 11.2) for which both applicant and enrollment data was available by participant characteristics, six showed a greater proportion of women entering training than men. However, the disparities were not as great as those found in Du Page. The greatest disparity occurred in Peoria where 58% of the women enrolled in training programs compared with 47% of the male applicants.

The patterns for welfare and nonwelfare recipients and blacks and whites were much more variable. Only four of the eight SDAs showed welfare recipients entering training at higher rates than nonrecipients; only Decatur showed more than a two percentage point difference between the two groups with 67% of the welfare recipients and 56% of the nonwelfare recipients entering training programs. The disparities between whites and blacks were much greater than that noted for either men and women or for welfare and nonwelfare applicants. In five of the eight SDAs, whites entered training at higher rates than blacks. In these five areas, the percentage point difference between the two groups ranged from four in Peoria to fourteen in Joliet.

During the program year, ending 30 June 1985, a very large number of applicants continued to be lost from the JTPA system. Statewide, only 51.4% of all applicants enrolled in JTPA programs. During the program year, blacks and Hispanics were not disproportionately excluded from the system at this stage. In fact, minority applicants, on average, were more likely to be enrolled in programs. This was true even for black and Hispanic dropouts. The real problem, especially for Hispanics, was the low number of applicants. There was still a large loss of potential trainees at this stage, but it did not have the same racial consequences.

Although the statewide figures for the program year ending in mid-1985 showed no clear statewide exclusion of blacks from participation in JTPA, there were enormous differences among the records in various localities. The negative records of some suburban and and downstate communities were counterbalanced in the statewide totals by figures from Chicago and a few other localities where blacks were treated much better. Thus, for example about three-fifths of the black men applying for training in

Table 11.2

Percentage of Applicants Entering Training for Selected SDAs
1 October 1983 to 30 June 1984

SDA	Male	Female	Welfare	NonWelfare	White	Black
Joliet	37	38	40	37	44	30
Geneva	47	56	50	51	53	42
Kankakee	51	55	48	56	55	50
Peoria	47	58	51	52	52	48
Decatur	59	65	67	56	62	62
Northern Cook	52	60	57	55	54	60
Cook	69	69	67	72	69	70
Rockford	84	88	87	85	84	89

Note: The variation of the percentages between SDAs may reflect different procedures for processing applicants and different definitions of what constitutes an application.

Percentages = Enrolled/Total Application for selected characteristics.

Source: Report 202, JTPA MIS Intake Assessment, SDA Summary 1 October 1983 to 30 June 1984.

Chicago got into JTPA, but 61% of those applying in Du Page County did not. On the other hand, the downstate SDAs of Pekin and Danville had admission rates less half that of Chicago. The South Cook County rate was the same as the city's. Obviously there were very different practices in different areas. It was hardest for black men to get into training in those suburban areas with the most jobs [DCCA, Target Population Characteristics Rept., 14 August 1985].

The figures for black women were very similar in most cases, although most of the localities with very low enrollment proportions for black men were modestly better for black women, except Du Page County. Chicago, however, was significantly worse for black women, though still above the levels for most SDAs [DCCA, Target Population Characteristics Rept., 14 August 1985]. The fact that Chicago enrolled almost half the state's black trainees tends to make the state picture look more equitable than a closer focus on communities with severe problems would.

Training Need and Access to JTPA Programs

Part of the difficulty of interpreting enrollment figures may come from the different ways SDAs and service providers determine applications and enrollments. Some, like Rockford, have both centralized intake into the system and strong screening requirements which may discourage applications. Others give the service providers a major role in application and enrollment. Service providers have strong incentives not to enroll people who are not likely to be placed, since they are bound to contracts that require minimum placement rates if the agency is to be paid.

In each of the three areas where service providers were surveyed, most programs did not simply enroll applicants who were eligible for JTPA but required an additional determination of program suitability before enrollment. This often included entrance requirements into programs. Thirty-three percent of agencies in Chicago, 14% in Northern Cook County, and 25% in Rockford said that they waited still longer and did not officially enroll their trainees until after the training was already under way or even until a likely job was identified. One agency reported that in one of its programs all paperwork on trainees was held until they knew who would complete training and then submitted only those files for official enrollment. By eliminating those who had already failed, the agency increased its reported placement rate and its ability to keep its JTPA contract. The process, however, meant that the officially reported enrollment was lower than the true number, and the placement rate appeared to be significantly higher than it really was. Such data may considerably understate the real attrition between applications and enrollments.

While it is difficult to determine exactly why the difference in enrollment occurs between different groups of applicants, our research shows that at least some of the applicant losses can be directly connected to the structure and implementation of JTPA programs.

Persons who screen potential applicants note that the paperwork required per applicant has almost tripled in the transition from CETA to JTPA.

The most burdensome increase in paperwork comes from verification of eligibility requirements, including proof of residence, family size, income, and selective service registration. A worker in Du Page County said that she had become "an expert at designing forms" since the advent of JTPA. She noted, as did many others, that information such as family size and selective service registration is nearly impossible to verify for many persons. When service providers were asked if they encountered difficulties in having their enrollees accepted as eligible by the SDAs, several noted that they encountered problems because of the inflexible documentation requirements. For some persons, the eligibility determination process is so rigid that they never return to complete it; for others it means a long wait before they can actually enter a training program. The paperwork, which is closely monitored by local and state agencies, has unanticipated consequences.

The emphasis on performance standards, which is the driving force behind JTPA, has large effects. In Rockford, where 50% of those contacting JTPA never enroll in a training program, half of this loss occurs because a large number of persons cannot pass required basic reading and math tests. Colleen Williams, director of the Rockford SDA, noted that the need to meet performance standards under the present system means that they cannot realistically provide the training services these persons need. Williams feels that at some future point the SDA may "have to sacrifice performance achievement to serve the community" [Williams, January, 1985].

Although not all of the other SDAs require the same type of testing that Rockford does and many do not know exactly how many persons they lose because their programs cannot meet their needs, almost all of the SDA administrators agree that performance standards have ultimately determined who they serve and who they do not serve. Dallas D'Hondt, Operations Manager in Peoria, notes that the emphasis on high entered employment rates and low costs per entered employment means that SDAs cannot afford the long-term training that the most severely disadvantaged need. Consequently, the most needy are just not served [D'Hont, 25 January 1985]. The staff at Decatur expressed concern that "performance standards have a lot to do with enrollment decisions. We're threatened—and this is the first time that employment and training programs have been threatened" [18 January 1985]. An SDA official in Decatur went on to explain that there is no way to meet their performance standards without creaming. John Roark stated that "the people we were proud to serve under CETA we do not serve any longer, and will probably never serve again. People must have skills, proper behavior, and education or they won't be eligible" [Roark, 18 January 1985].

The view that the JTPA system and standards for judging success virtually required creaming of applicants was pervasive throughout the entire system during our research. Indeed, the administrator of the state program, Dennis Whetstone, expressed his strong belief that such action was a logical consequence of the law [Whetstone, 4 December 1984].

The process of whittling away at the applicant pool involves both SDA policies and service provider practices. While additional eligibility requirements were set by few service providers in Northern Cook County, five of seven service providers in Rockford and nine of sixteen in Chicago had additional eligibility standards. In almost all instances, additional eligibility requirements were related to academic proficiency, usually in math and reading. Others required a GED or high school diploma. Seven agencies surveyed stated that JTPA requirements forced them to cream participants while another five agencies noted that under JTPA they are unable to provide the services necessary to serve the hard-core disadvantaged. The outcome of this process is that the most disadvantaged of the eligible population are not served by the JTPA system.

Performance standards have changed job training under JTPA, but they have not immobilized the system because the number of training slots is far smaller than the number of persons in need of employment and training services, and high unemployment rates in the state have created a more highly educated, more skilled pool of jobless workers who can meet the eligibility requirements. During the time this study was under way in early 1985, many training programs had already filled all of their training slots for the program year. Waiting lists were reported by eight of the sixteen service providers interviewed in Chicago and three of seven in both Rockford and Northern Cook. Using the state's own estimates of the number of persons needing job training, no SDA for which information was available served more than 16% of the population needing employment and training services. For most SDAs the percentage was much lower: Du Page County served 16%, Rockford 13%, Joliet 5%, Southern Cook County 7%, Northern Cook County 2% and the city of Chicago 4% [DCCA, Research Office and Report 202, 1 October 1983 to 30 June 1984]; percentages = total enrolled from Report 202 over total from the average column of Title IIA Eligible Population Report. Underenrollment, in general, only seemed to occur in relatively prosperous areas or in programs that provided training that led to placement in very low-wage jobs. As a result of these patterns, the population actually served by JTPA programs and the type of programs available to serve them differ significantly from the eligible population and overrepresent those with the fewest training needs.

Training Need and Access to JTPA Programs

The Enrolled Population and the Training It Receives. The enrollees in JTPA during the transition year included a higher proportion of blacks, young persons, and more highly educated persons than the poverty population (see Table 11.3).

Between the transition year and the program year, the JTPA record improved in some ways and worsened in others. Representation of youth among all trainees improved sharply, and there was a slight increase in the fraction of women and blacks. On the other hand, there was a rapid decline in the proportion of dropouts and Hispanics within the system. Since dropouts need the kind of basic skill training that can make a lifetime difference, this is a particularly serious problem. Hispanics are a very rapidly growing population in Illinois, and many need language and other basic skills instruction.

Excluding the Uneducated. Although one might suspect that the increase in state and local control would make the most difference for minority representation in the training programs, the most dramatic effect of JTPA has actually been on the quite different dimension of training for those without high school diplomas. Although the 1980 Census showed that 55% of poor adults in the state were high school dropouts, more than 60% of JTPA trainees the first year had diplomas (and more than a fifth had post high school education). During the second year of the program, the proportion of trainees in Illinois who were high school grads rose to three-fourths.

Since the total program is smaller and the training shorter, this means that dropouts are a declining fraction of a shrinking program in a state where there are very large numbers of dropouts and in an economy where the already poor job prospects for dropouts are becoming even worse. From the perspective of the SDAs and the service providers, of course, serving people with more education means serving people more likely to be placed and with less need for expensive training. The education figure is a clear sign that the training program is training fewer people who seriously need training. Dropouts and others lacking basic skills need remedial education. This is widely recognized by the Illinois training agencies as one of the highest priority needs in the state training system.

Hispanics. Hispanics are a young community in Illinois but also a very large and rapidly growing one. The Chicago area has the nation's fourth largest Hispanic settlement and is a major center for direct migration from Mexico and other Hispanic areas. Hispanics are far younger on average than blacks or whites and have less education than either group. At a time when industrial employment has plummeted in Illinois, Hispanics were more concentrated in industrial jobs than either blacks or whites and Hispanic men were especially vulnerable. In metropolitan Chicago in 1980, the typical Hispanic had relatively few skills for competition for the new white collar service jobs. Both in Chicago and in the suburbs, the typical Hispanic man over 25, for example, had a grade school education. In a number of Chicago areas with the state's largest concentrations of Hispanics, more than a third of the adults surveyed in the 1980 Census said that they spoke English "not well" or "not at all" [Orfield and Tostado 1983: 40-46, 85]. The 1980 Census showed that there were 500,000 people in the state who spoke Spanish at home and 143,000 of them said that they spoke English poorly or not at all [U.S. Bureau of Census, *U.S. Detailed Pop. Characteristics, Illinois,* PC80-1-D15:15-20]. Research has shown that people without mastery of English experience more difficulties in finding jobs. Hispanic unemployment, in Illinois as in the nation, has long been much higher than white joblessness but substantially lower than black. It rose rapidly in the early 1980s.

There was a large and growing need for job training for Hispanics. This was particularly true in Chicago, where the combination of a declining economy and an extremely high high school dropout rate for Hispanics was producing a rapidly growing number of young people without ready access to jobs and without visible qualifications for the kind of jobs the economy was likely to create. In the Chicago Public Schools, which the great majority of Illinois Hispanic students attended, 47% of Hispanics dropped out and the rate was even higher for Hispanic males [Hess and Lauber 1985: 64-66].

The total JTPA training provided to Hispanics who spoke a limited amount of English or none or who were dropouts was very small in Illinois in the 1984-85 program year of JTPA. In the entire state, only 987 limited-English-speaking Hispanics and only 2,108 Hispanic dropouts were in the program during the year. Outside of Chicago and Waukegan, the entire remainder of Illinois served only 185 non-English-speaking people [DCCA, MIS table submitted by Dennis Whetstone to U.S. House Subcommittee on Employment Opportunities, 4 September 1985].

A particularly unhappy pattern reflected in the data on JTPA service to Hispanics was the contrast between the high degree of success enjoyed by those who got into training and the declining proportion of Hispanics served by the program. Applications were reduced. Hispanics who did apply showed a high probability of getting into the JTPA system, and Hispanics completing training were far more likely than members of other disadvantaged groups to get jobs. During the program year, however, Hispanic participation in the basic job training programs in Illinois fell well below the average CETA level and below the proportion of the previous year. State JTPA agencies had planned to serve 11.2% Hispanics but actually served 9.8%, and 17 of the SDAs in the state fell more than 15% below their goal [Basic Indicators Report, PY 84]. The data show a serious problem of access for an expanding group that benefits greatly from JTPA services.

The state's basic indicator reports show that the program has not been serving some significant segments at its planned levels which are adjusted for the recent changes in the poverty population in the state. During the transition year, the state as a whole failed to meet its planned service levels for women, youths, older individuals, and WIN registrants. For the program year (1 July 1984 to 30 June 1985), Hispanics, women, and senior citizens were underserved [Title IIA, Basic Indicators Report, 4th Quarter Report, August 1985]. Our survey results also show that service providers have also had difficulty in fulfilling the requirements to serve the significant segments in specified proportions. Although meeting quotas was a problem for only one of seven agencies in Rockford, it was a problem for six of sixteen in Chicago and three of seven in Northern Cook. Many of the problems agencies cited concerned youth programs.

During the transition year, nine SDAs failed to meet their planned service levels for women but during the first half of the program year, the number had dropped to five. For youth the situation improved. The variances from the planned service levels are extremely high for both older workers and for WIN registrants. During the program year, twenty-one SDAs failed to meet their planned service levels for older workers and eighteen failed to meet their planned levels for WIN registrants. The percentage of shortfall for the former was 69% and 54% for the latter [Title IIA, Basic Indicators Report, Program Year, 1 July 1984 to 30 June 1985].

While the state has paid a great deal of attention to serving some significant segments, there has been a low goal for serving dropouts. Even though only 47% of the eligible people in Illinois had at least a high school education, 62% of the transition year and 75% of the program year enrollees did so. This also represents a sharp increase over the educational level of participants in the training programs of the 1960s and in CETA. This disparity is evidence that the present job training system is becoming a training

Table 11.3

Comparison of Poverty Population and Enrollees by Percent

	Enrollees (Transition Year)	Program Year	Poverty Population
Sex			
Male	52	51	36
Female	48	49	64
Age			
13-21	36	44	25
22-44	56		51
45-54	5		11
55+	2	2	13
High School Graduates	62	75	47
Race			
White	44	46	51
Black	41	42	38
Hispanic	13	10	9
Other	2	2	2

Source: JTPA Annual Status Report, State of Illinois Summary, 1 October 1983 to 30 June 1984 and 1 July 1984 to 30 June 1985, and U.S. Department of Commerce, Census Bureau 1980 Census, Detailed Population Characteristics, Illinois, 1980.

system for the most advantaged of the eligible population. It has done so not only by enrolling better educated, more skilled individuals but also by shifting its training services to the types of training that benefit this part of the eligible population the most.

Agencies were surveyed concerning employment related needs of the JTPA participants. The most frequent response was that clients required preemployment services (how to complete applications, how to dress for an interview, punctuality and work attitudes, etc.). Of the thirty agencies interviewed, nineteen listed such preemployment services. Basic skills training (e.g. reading and math proficiency) was the next most frequent. When responses were aggregated across all of the areas, 28 of 30 rated job development and placement as important and 24 of 30 agencies rated basic skills development and follow-up services as important. Less frequently cited responses were on-the-job training, vocational training, and work experience.

Overall, emphasis on increased business involvement, low cost per entered employment, and performance standards have determined the actual training that exists under JTPA. While CETA supported a number of long-term training programs, the focus under JTPA is short-term preemployment or job search assistance programs and on-the-job training programs. Long-term training programs are too costly and also would serve the needs of a more disadvantaged part of the population, thus risking lower placement rates. Both an analysis of the data for the SDAs that were studied in depth and our survey of service providers highlight these trends. Our data analysis also shows that most advantaged members of the population are channeled into the better training slots while the less advantaged are channeled into slots which lead to fewer and lower paying jobs.

The survey of service providers showed that there had been a shift toward more preemployment, job development and placement services in the transition between CETA and JTPA. Nine of nineteen agencies reported increases in job development and placement services and eight of eighteen agencies reported increases in preemployment services. Six of ten agencies reported that they now offer more on-the-job training slots and five of thirteen agencies reported that they now offer more short-term vocational training. Six of twelve agencies reported providing less long-term vocational training; this was the largest reported decrease in services.

There is a very large population in Illinois in need of job training if they are to have any future in the state's changing economy. Unfortunately, however, the nature of JTPA policies, performance standards, and funding strongly encourage training agencies to serve people far less likely to permanently profit from the training program. The tendency of JTPA to exclude more disadvantaged workers is partially counterbalanced by the law's provisions for setting goals for serving specified "substantial segments" of the eligible population. These policies, together with a mandated expenditure level for youth programs, have tended to produce a program with a substantial black and youth enrollment and growth in both categories at the statewide level between the transition and program years. The statewide figures, however, mask dramatic variations within the state and a much higher level of unsuccessful black applications for training in the most prosperous areas of the state and in some regions of downstate Illinois.

What is highly disturbing, however, in comparing the JTPA data with the information on CETA and the earlier manpower programs, is the much worse record of serving high school dropouts and the declining service to Hispanics, an extremely important and rapidly growing minority group in Illinois. The failure to deal with the vast dropout population, which includes most poor people in Illinois and almost half of recent Chicago high school students, shows the degree to which program policies tend to exclude those who most need training.

Chapter Twelve

Channeling within the Training System: Who Is Trained for What?

Getting into the job training system is a major problem for people with low skills, but just getting in is not enough. Overall statistics on job training enrollment include very different kinds of programs—ranging from long-term basic skills programs, to a few hours of drill on how to fill out job applications, to a real paying job in the on-the-job training programs. Different programs have very different effects on the likelihood of getting a job and on the earnings that can be expected during a lifetime of work. Even if the enrollment process was perfectly equitable to all major groups in the community, it is still possible that they could be tracked within the JTPA systems in very damaging ways. They could also have very different experiences in finding jobs. The statistics reported in this chapter suggest that this is, in fact, happening.

This chapter will consider the kinds of training programs now being offered under JTPA, the differences in the various local programs, the changes between the first and the second year, and the extent to which people of differing levels of education, sex, and race are enrolled in different kinds of training. The chapter will show that the placement by program continues a pattern of inequality for some groups that was already apparent in the enrollment process. Sex and race have particularly important relationships with type of enrollment.

Program Offerings. The JTPA system places a great deal of choice about types of programs to be offered in the hands of officials of the local service delivery areas. The principal constraints that they are under are posed by the need to meet cost per placement standards and placement rate requirements. The cost standard virtually forces the local agencies to devote a considerable amount of their effort to short-term training. Both the cost and the placement standards tend to discourage basic skills programs which typically have a much higher cost and a lower placement rate since they are dealing with people with much more severe training needs and far less work experience. The lack of stipends means of course, that fewer poor people can afford to take long-term training.

It is impossible to precisely compare the programs offered under CETA with those provided under JTPA because the Labor Department records on CETA did not contain information on program type. Many of the service providers operating programs today, however, also were involved in CETA programs and they report major changes in what they are able to offer. Our survey of service providers, presented in chapter 10, shows that agencies rated preemployment preparation and basic skills training as the most important needs but reported that there had been a substantial shift away from long-term skills training in the transition between CETA and JTPA. Half of the agencies reported a decline in such services. The program's placement and cost policies had directed increasing attention to placement, job development, and training in job search techniques.

SDAs differ in types of training offered and the equity of the system can only be evaluated by first understanding the programs. They offered programs of academic training, vocational training, on-the-job training (OJT), and job search training. There were also "exemplary youth" programs and "work experience" programs. The academic programs include basic skills, preparation for GED exams and English as a Second Language classes. The vocational programs train for a variety of jobs—from secretarial skills to working in restaurants. Private OJT allows the participant to receive hands-on experience at a skilled job in the private sector. Job search training (employment and training) programs do just as the title suggests—teach resume writing, how to act at an interview, and other related skills. Since the program types do vary, differing service mixes reflect how the SDAs are serving their participants' needs.

Transition Year Patterns. Data from ten suburban and downstate service delivery areas for the transition year and the first half of the program year show varying program sizes but no large differences in the proportion of various kinds of training offered from one local area to another. Table 12.1 shows the dominance of vocational training and the small and declining concentration of basic skills academic training. The largest programs (vocational and job skill training) usually offered relatively short training with a large number of participants and entered employment rates (EERs) of approximately 60%. The academic programs, teaching basic skills, had to be long-term to be effective. However, they had the greatest chance for drop-outs (since the programs are long) and consequently their EERs of around 50% are the lowest of all the programs. As a consequence, academic programs tended to be the smallest, even though research shows that they have a greater long-term payoff for their participants (see chapter 2). Private OJT had the best EERs of about 75%, yet these programs were quite small compared with the size of the vocational and job search training programs. OJT was the only program that produced an immediate salary for the trainee.

Limited budgets and the performance standards favored vocational and job search training which offer short-term lower cost programs and acceptable entered employment rates (EERs) of around 60%. The small size of private OJT, even with its high EERs, was due to inadequate private sector involvement.

Enrollment in a particular type of program was an important factor in determining both the immediate and long-term effects of the training on the enrollee. Placement in OJT meant the best chance of a job offer when the program was over. Academic training, on the other hand, was likely to have the greatest long-term value to young workers lacking basic skills, the group most helped by job training programs. There were quite different enrollment patterns among various groups of participants.

Data for the second full year (PY 84) showed that across Illinois 40.6% of all enrollees were in vocational programs, 24.2% were in preemployment (job search) programs, 20.2% were in OJT programs, but only 6.6% were taking academic training. The situation was even worse in Chicago, which accounted for 30% of the state's total participants but only 11% of its academic training positions, as is shown in the following Tables 12.2 and 12.3.

Table 12.1

Distribution of Participants among Programs* in
Ten Suburban and Downstate SDAs

	Transition Year	Program Year**
Total Number Enrollees	9075	8902
Program Type		
Vocational	43.94%	45.56%
Job Search Training	34.13%	24.95%
Academic	13.13%	10.33%
Private OJT	13.13%	14.75%

*Percentage enrolled in a given period can be greater than 100% since some participants were enrolled in two programs simultaneously.
**First six months of program year, ending January 1985.

Source: DCCA Report 650 for the ten SDAs.

TREATMENT OF WOMEN

One of the most important discrepancies emerging from an analysis of the program data was that women were placed in different forms of training than men. During the first year of JTPA there were fewer women than men in training, though the numbers became nearly equal during the program year. They still fell short of the goal for female participation, since women are more likely than men to be poor. During the first year and a half there was little difference in the proportion of men and women enrolled in the small basic skills program or in the job search training. There were, however, very clear differences in the ten SDAs studied in enrollment in vocational and on-the-job training (OJT) programs. Most women, but only about a third of the men, were in vocational training. During this period the men in the ten localities studied were about twice as likely as women to be in OJT programs.

A subsequent analysis of OJT enrollments by sex for the entire metropolitan Chicago area for the program year ending 30 June 1985 shows striking disproportions. Although about half of the total JTPA program participants were women and close to half the

Table 12.2

Participants Classified by Reported Program Types for Selected Illinois Service Delivery Areas, PY 84

Locality	Total No. Participants	Voc.	Acad.	Pre-employment	Exemplary Youth	OJT	Work Experience
Chicago	14,794	5,487	379	586	283	1,916	147
N. Cook	1,309	406	184	1,181	21	192	2
S. Cook	4,630	2,857	134	1,375	242	517	0
Du Page	738	406	71	130	0	70	36
Will	963	589	199	203	16	120	0
Lake	1,320	454	451	322	106	192	0
Peoria	1,383	258	131	17	491	284	149
Decatur	730	200	77	301	141	328	73
Rockford	1,417	882	0	374	291	262	0
Champaign	1,024	326	198	244	37	167	4
State Total	49,834	20,215	3,297	12,060	5,225	10,091	1,746

applicants for OJT were women, men still outnumbered women by about two-to-one in the program. Even though being enrolled in OJT is considered a very desirable placement, offering both immediate income and the best chance of a permanent job, there was by no means similar treatment of men and women being placed in the program. The women who went through the subsidized OJT training were likely to be hired at a wage rate about 10% below the male rate, if they were employed (see Table 12.4).

The disproportionate male access to OJT may have a variety of sources. Some service providers and SDA officials noted that OJT slots tended to go to experienced workers with higher skills, in part because of local desire to please private employers who often are reluctant to participate in training programs and partly because private employers may favor men among the candidates referred for the positions. It may be that

Table 12.3

Types of Training, IIa
Illinois Totals and Selected SDAs
July 1, 1984 to June 30, 1985

	Percents						
Type of Program	State	Chicago	Du Page	S. Cook	Lake	Rockford	Peoria
Academic (basic skills)	7	5	10	3	36	0	10
Vocational	48	65	74	76	37	61	19
OJT (private)	24	25	10	14	16	16	21
OJT (public)	1	0	0	0	1	2	0
Work Experience	4	1	5	0	0	0	11
Exemplary Youth	15	4	0	7	10	21	39

women were being channeled into less costly vocational training because they had fewer skills and less experience. Another possible cause is sex stereotyping of jobs which tends to see women trainees as future clerical workers and men as future factory employees.

Given the large and growing role of poor women as heads of households with a desperate need for income and with the cuts in federal aid for the working poor, it is reasonable to hold training officials accountable for inequitable program assignments, particularly with regard to the highly desirable OJT slots. Even though an employer may prefer a man to an equally able woman, a publicly-funded job program cannot legally discriminate in program assignment or referrals or passively accept discrimination by participating employers.

The question of how quickly and easily an enrollee can be placed should not dictate which program the participants will be enrolled in. The idea of an SDA being, in some respects, an employment placement service for the easier to serve (such as more skilled males) and a short-term trainer for the harder to serve (such as unskilled women) contradicts the philosophy of training the economically disadvantaged to reduce their welfare dependency.

Table 12.5 shows that women were far more likely than men to be enrolled in vocational education rather than other training programs in both the transition and the program years. Table 12.6 shows that this pattern holds throughout the Chicago and suburban area. In our interviews with SDA directors and service providers, it was clear that much of this training was for traditionally female clerical positions. These are, of course, both jobs that are more likely to be available in a service economy and jobs that offer low wages and very limited mobility.

Table 12.4

On-The-Job Training in Metropolitan Chicago
Difference by Sex

July 1984 to June 1985

Service Delivery Area	MEN App.	MEN Partic.	MEN Wage	WOMEN App.	WOMEN Partic.	WOMEN Wage
Chicago	48%	66%	$5.22	52%	34%	$4.65
Du Page	58%	79%	$4.77	42%	21%	$4.36
N. Cook	57%	63%	$6.06	43%	37%	$5.04
S. Cook	53%	75%	$5.80	46%	25%	$5.17
Lake	49%	49%	$5.34	51%	51%	$4.71
McHenry	62%	58%	$5.20	38%	42%	$4.90
Will	62%	70%	$4.62	38%	29%	$4.68
Average of Metropolitan SDAs	56%	66%	$5.29	44%	34%	$4.78

BLACKS AND HISPANICS: NEED FOR BASIC SKILLS TRAINING

Both blacks and Hispanics confront special problems in the Illinois labor markets and special difficulties within the JTPA system. Blacks were underrepresented during the first year of the program, falling below the proportions experienced during CETA, but their share of program slots increased modestly in the second year. All but two of the SDAs in the state came within 15% of their overall goal for black participation. (If the analysis were to include the dislocated workers centers' population, however, the black proportion would fall well below CETA levels.) The problem facing blacks in Title II came in types of programs to which they were assigned and in ultimate job placement,

Table 12.5

Distribution of Males and Females into Programs
Ten selected SDAs, October 1983 to January 1985

	Transition Year		Program Year	
Total number of males enrolled	4762		4407	
Total number of females enrolled	4313		4495	
Program Type	Percent of all males	Percent of all females	Percent of all males	Percent of all females
Academic	14.11	12.06	10.51	10.00
Job Search Training	35.97	32.09	27.27	22.00
Vocational	33.68	55.27	38.21	52.00
Private OJT	17.32	8.51	19.79	9.00

Source: DCCA Report 650.

Note: Percentage is the number of a given sex in a specific program divided by the total number of that sex.

particularly in Chicago. Hispanics were generally more successful within the system, but they were seriously underrepresented among applicants and enrollees in the system. In other words, those who got in were helped significantly, but there was a severe problem in bringing people in touch with the system. Statewide enrollment fell 12.5% below target with most SDAs doing even worse [DCCA, Basic System Indicators, IIA, PY 84]. There were very few Spanish-language programs.

Blacks and Hispanics were both disproportionately concentrated in declining parts of the state where there was a serious loss of low-skill industrial jobs. Both groups had severe problems of inadequate education and basic skills. For many Hispanics there was the additional problem of a language barrier.

Although overall black participation in JTPA has met the goals set by the state government and increased significantly between the first and second years, there is clear evidence that blacks are treated differently than whites both within the programs and by private employers deciding whether or not to hire people after JTPA training is

Table 12.6

Distribution of Women Among JTPA Title IIA Programs
July 1984 to June 1985

Area	Total	Preemploy. %	Acad. %	Voc. %	OJT %	Work Experience %	Exemplary Youth %
Chicago	7,409	3.4	2.2	41.5	8.6	.9	2.1
N. Cook	640	89.3	17.2	46.7	27.2	0	2.3
S. Cook	2,240	27.4	2.9	70.5	5.7	0	4.4
Lake	695	11.4	3.3	47.9	14.2	0	7.9
Du Page	384	23.7	10.7	76.3	3.9	3.1	0
Will	444	23.6	16.4	70.5	7.9	0	1.4
Rockford	698	21.1	0	68.1	12.0	0	18.2
Decatur	364	53.0	11.5	34.1	43.7	5.5	15.7
Peoria	596	.3	10.2	24.2	14.4	11.4	36.2
State Total	24,553	23.0	6.8	49.3	15.0	3.5	9.1

Note: Approximately 40% of data on program participants from Chicago is not available in the data system. Numbers can add to more than 100% because of participation in more than one program by same trainees.

completed. Black participation is still below the Illinois norm set during CETA, and the black unemployment situation is worse.

A fundamental problem is that JTPA transfers power from institutions that have historically been more favorable to black interests to institutions that have historically been more hostile. With the elimination of Public Service Employment, the power to employ is now totally vested in the private sector, which has traditionally been less accessible. The federal and big city governments, traditionally more supportive of black interests, have lost power to state governments. The local job training agencies have been put under intense pressure to meet high placement rates, which can only be obtained by creating close relationships with private business. Although private business has been less responsive than the public sector in hiring blacks, there is virtually no monitoring of employment discrimination within the JTPA system (see chapter 9). In a way, it is unreasonable to expect that a business-controlled system, totally dependent upon voluntary cooperation from business to meet its required placements, is going to raise difficult issues or take any kind of a strong regulatory stance toward discrimination in business.

Blacks have had unemployment rates at least twice as high as whites throughout the postwar period, and black men are particularly hard hit both by the economic transformations that are eliminating millions of jobs in the old manufacturing centers and by the movement of businesses to locations far from the inner city. The situation of Illinois blacks is rendered all the more serious by the extremely high high school dropout rates and a diminishing access to college in a society where qualifications are becoming even more important.

Black men with jobs have been concentrated in declining occupations and in declining parts of the metropolitan labor markets. For example, 38% of black men were in the manufacturing categories of "operators, fabricators, and laborers" in 1980, twice as high a proportion as black women [Matney and Johnson 1983: 11,15].

Not only have these jobs been disappearing within the Illinois economy, but those remaining have been redistributed within the labor markets to make them less accessible to blacks, who remain highly segregated residentially. A study which was done for the Equal Employment Opportunity Commission states, "By moving to the suburbs, companies experience much less likely prospects of hiring minority workers. The proportion of potential minority recruits within normal commuting distance of the companies is drastically reduced to . . . one-third to as little as one-eighth the central city levels" [United States Commission on Civil Rights, Clearinghouse Publications 74:29]. In Illinois many of the new manufacturing jobs are located in virtually all-white areas of the Northwest Chicago suburbs and Du Page county, which have separate job training programs city residents may not enter.

Statistics for metropolitan Chicago show a decrease in black male labor force participation and a small increase in female participation during 1977-81, even before the severe recession of 1982-83 caused black joblessness to skyrocket. Only 54% of metropolitan Chicago black males were employed in 1981, compared to 77% of white males and 77% of Latino males [Orfield and Tostado 1983: 48]. During the 1982-83 recession, labor force participation declined much further [Wintermute 1983].

Although Illinois as a whole experienced far greater joblessness in 1983 than it had in 1970, the situation for black males had deteriorated much more rapidly. In 1970 one of sixteen black men and one of thirty white men were unemployed. Thirteen years later almost a tenth of white men but more than a fourth of black men were out of work.

Teenage figures were even more dramatic, suggesting a virtual end of opportunity for regular employment for young blacks at the same time that very large numbers were failing to complete their high school educations. During 1981, for example, the black teenage unemployment rate in Chicago was 49% and it rose during the recession [IBES, "Geographic Profile of Employment and Unemployment 1977-1981" 1982]. Black teenage joblessness had increased even during the relatively healthy period of the Carter Administration when there was more rapid economic growth and substantial public programs aimed at young inner city blacks. The Public Service Employment Program employed many young blacks but was closed in 1981.

All indications show official figures seriously understating black jobless rates. Statistics ignore the large number of "discouraged workers" who have dropped out of the labor market after concluding that there is no hope of a decent job. Thus, if one looks at the percent employed of a given population it is often possible to get a better sense of the underlying problems than by merely examining the unemployment rate. In June of 1985, for example, the national unemployment rate for black teens was 38% compared to a white rate of 16%, but only 24% of black teenagers actually held jobs and only 9% had full-time jobs [Roosevelt Center Youth Project, "The Youth Employment Situation," June 1985].

The severity of the black unemployment situation was apparent in the 1984 statistics for Illinois. White joblessness in Illinois was 7.5%, just 1% over the national white rate—but black unemployment was 21.1%, 5.2% above the national rate for blacks and nearly three times the Illinois white level [DCCA, "Monthly Highlights," June/July 1985:12].

Lack of Education. Blacks face a vicious cycle. Education contributes importantly to economic opportunity, but they receive the worst education and often drop out. Those who graduate receive fewer rewards and face higher joblessness than similarly educated whites. Lack of education means a much greater need for job training because of great difficulties finding work in a changing economy. At the same time, the fact that many blacks lack basic skills creates a strong disincentive for job training agencies to enroll them in their JTPA programs since they must train them in basic skills before they can begin work on specific job skills. This is expensive and risky for the agencies.

Blacks with more education do far better than their less educated counterparts, even though whites do better still. Although white high school graduates still made more than black college graduates on average in 1980, education had a strong earnings effect within the black population [Jones 1983: 144]. Among adult black males, 67% of college graduates worked full-time year round compared to 60% of high school graduates, 51% of high school dropouts, and only 26% of those with less than an eighth grade education [McGhee 1983: 108]. The same relationship was clear in Illinois, where only 8% of adult blacks had college degrees in the metropolitan Chicago area in 1980, and 45% were high school dropouts [calculations from 1980 census tapes].

The Chicago area, home to the vast majority of Illinois blacks, has a very high black dropout rate which diminishes access to higher education. In Chicago the most recent estimate shows a 45% black dropout rate in the Chicago public schools and much higher rates in low-income ghetto schools [Hess and Lauber 1985; Orfield and Mitzel 1984]. Almost 9,000 black students in each entering high school class in Chicago drop out before graduation, creating a constantly growing population with very few economic prospects and a need for expensive long-term job training. The entire Illinois JTPA program served only 5,000 black dropouts in the program year. In other words, even if all those training slots were in Chicago and all were devoted to the students from a single class, the state would have fallen further behind by several thousand additional people needing training just within the city boundaries and without providing any assistance to the many thousands of older dropouts [Hess and Lauber 1985: 25; DCCA, Basic Indicators, PY 84].

The substantial black participation in Illinois's JTPA programs was largely due to Chicago. The Chicago program was 68% black, 23% Hispanic, and only 8% white in the 1984 program year. The rest of the state had enrollments of 31% black and 4% Hispanics. The program was really two separate programs—a large minority program located in a declining urban labor market surrounded by a much larger, predominantly white program in which there were a few substantially integrated areas, such as the South Cook County program.

The two basic problems that confronted blacks within the JTPA system were inadequate provision of basic skills programs and unequal access to the on-the-job training programs. The most serious problem for black trainees coming out of the programs was employer discrimination, which has produced an unequal placement rate throughout the history of CETA and JTPA in Illinois.

Both blacks and Hispanics have an extremely high dropout rate and, therefore, a high need for academic skills programs. Those lacking basic skills need long-term remedial programs, called "academic" training within the JTPA system, which most local agencies do not provide very much of. They place many dropouts in short-term job readiness programs likely to give them only a brief job near the minimum wage without significantly altering their devastating long-term employment prospects. Perhaps the most striking sign of this problem was in the city of Chicago, where during the second year of the program, almost 15,000 people were enrolled in JTPA, including nearly two-fifths dropouts, but only 371, or 2.5% of the total, received academic training according to the city's reports. Only one-fifth of those completed the training. The number reported receiving basic skills training in the entire city was not more than one year's dropouts from one of the city's large high schools.

Across the state only 6% of the JTPA enrollees received academic training during the program year, and the 3,003 people in these programs were only 58% of the number that had been planned for the year. Nine SDAs fell well below their goals and most had relatively low goals. The JTPA system neither prescribes a minimal focus on basic skills nor punishes a local program for falling far behind even a modest goal. All of the critical performance standards do not refer to kinds of training but to placement rates, and wages, and to keeping down the cost per participant, something that works directly against the provision of long-term skills training.

A number of the local job training agencies simply provide no significant academic training programs. Rockford reported a goal of zero for the program year, and Du Page planned to provide such training for one person in the entire county. Rockford kept its goal; Du Page actually trained 66. In Chicago, only one enrollee in forty received academic training. Decatur (Macon County) fell 42% short of its goal and offered academic training to about a twelfth of its enrollees.

During the July 1984 to June 1985 program year, Illinois agencies identified 29,476 applicants eligible for basic skills training. This was certainly an underestimate because the state does not require submission of applicant data and some SDAs do not collect it. Only one-ninth (11.2%) of those reported as eligible were enrolled in programs. Across the entire state only 2,134 people completed such training during the year. Of the 7,580 dropout applicants who were classified as eligible only 28% were enrolled, and a total of only 1,302 dropouts in Illinois completed academic training during the program year.

The most troubling record was in Chicago (see Table 12.7). The city's job training program enrolled only 4% of all those eligible and only a fifth of the eligible dropouts. In the entire city program only 56 dropouts were reported completing basic skills training during the program year. The city reported only 108 blacks and 3 Hispanics completing basic skills training during the year. The city program enrolled only two limited-English speaking trainees during the year, according to its reports. The Chicago program was a virtually all-black teenage program in which almost no one received a job after training. Since returning to further schooling is considered, quite properly, as a positive termination, this low placement is not necessarily a bad sign.

The Chicago statistics doubtless understate the actual services available in the city since the state has no specific data about program enrollment for thousands of Chicago participants, in fact two of every five participants. Even if one assumes that the actual figures were two or three times as large as those reported, however, the effort would have helped only a very small fraction of the yearly growth in the number of people in the city in need of basic skills education.

A 1985 study using school district statistics made a conservative estimate that almost 13,000 students within the city public schools dropped out from a single year's potential senior class [Hess and Lauber 1985: 21]. If one adds the many thousands of unemployed dropouts from earlier classes and the dropouts from private and parochial schools, the need would have continued to grow even if thirty times more people than were actually enrolled in the academic programs were served. The total of 508 Hispanics enrolled statewide during the program year was less than the number dropping out of two or three Hispanic high schools in Chicago.

UNDERSERVING THE UNEDUCATED

High school dropouts made up about a fourth of the JTPA enrollment in most parts of the state, but this percentage had little relationship to the very different dropout rates affecting various areas. Among the areas we studied, Peoria fell well below this level, serving only 14.7% of the dropouts, while suburban Lake County far exceeded the Chicago level, reaching 42.4% of the dropouts. It is clear that the JTPA system failed to address the problems faced by a very large component of the eligible population in the state who are dropouts and failed to recognize the great importance of basic skills training for dropouts. The failure to provide such programs means that the job training system can become almost irrelevant for those most in need. It may do nothing in many cases but charge substantial fees for giving pep talks to workers without skills and sending them off to temporary minimum wage jobs where there are few prospects and no JTPA followup.

ON-THE-JOB TRAINING

Although there are many legitimate questions about on-the-job training as a basic approach in federal training programs, it is certainly a desirable placement from the standpoint of the program participants. Critics claim that OJT is little more than a direct subsidy for wage costs of corporations who retain the right to screen applicants, often hire someone like the people they hire anyway, and provide little or no systematic training after hiring. These are difficult issues to research. From the standpoint of the person enrolling in JTPA, however, the OJT programs have two decisive advantages. In a program without any training stipends, OJT provides an immediate income and a job. People who survive the period of subsidized employment are very likely to be offered a nonsubsidized job when the OJT period is over, considerably more likely than people coming out of the other JTPA training programs. (This difference may, of course, be largely explained by the higher levels of skills and experience of those initially enrolled in OJT).

Among the various training programs operated by SDAs, blacks are treated least favorably in the OJT programs. Within ten SDAs studied during the transition year and the program year to January 1985, the proportion of whites enrolled in OJT was 42% higher in the transition year and 84% higher in the first half of the program year

Table 12.7

Basic Skills (Academic) Training in the State and Select SDAs
July 1984 to June 1985

Locality	Percent of Eligible Enrolled	Participants	Blacks	Hispanics	Youths	Dropouts	Terminations
Chicago	4	379	337	26	375	266	121
N. Cook	14	184	54	10	110	102	125
S. Cook	7	134	42	6	134	5	105
Du Page	11	71	9	9	8	22	26
Lake	99*	451	78	275	156	376	359
Will	93*	199	100	39	160	158	183
Peoria	11	131	36	29	36	144	50
Rockford	0	0	0	0	0	0	0
Decatur	23	77	58	0	21	57	58
Champaign	97*	198	134	4	97	58	177
Statewide	11	3,297	1,102	508	1,859	2,061	2,134

*Probable underreporting of eligibles.

[DCCA, Report 650 for ten SDAs, 1985]. The data for the entire program year, reported in Table 12.8, show that OJT outside Chicago was a program for white males with at least a high school education, except in South Cook County and in the Waukegan (Lake County) areas. Even in Chicago it was overwhelmingly a program for high school graduates.

During the program year, the proportion of blacks in OJT programs was considerably below their share of the overall JTPA enrollment in almost all of the SDAs studied. Tables 12.9 and 12.10 show the pattern for the SDAs serving more than three-fourths of the state's population during the program year ending in June 1985. The OJT program substantially overrepresents whites and underrepresents blacks except in Du Page Coun-

Table 12.8

On-the-Job Training, IIA Participants in Selected Illinois Regions
1 July 1984 to 30 June 1985

SDA	White %	Male %	High School Graduates %
Chicago	13	66	72
N. Cook	63	63	78
S. Cook	37	75	72
Du Page	61	79	79
Lake	42	49	63
McHenry	96	58	70
Will	54	70	79
Rockford	65	71	79
Peoria	73	70	88
Decatur	69	52	73
Champaign	65	58	74
Springfield	55	68	81
Total State II A enrollment	46	51	75

Source: DCCA Target Characteristics Report, 14 August 1985.

ty, where the numbers are so low as to have little meaning, and in Lake County, whose program is more effective than other Illinois SDAs in many important ways. Particularly striking is the large underrepresentation of blacks in some of the suburban and down-

Table 12.9

Percent of OJT Participants by Race PY 84, Select SDAs

Area	Blacks	Whites	Hispanics
Chicago	54	13	23
Du Page	19	61	3
S. Cook	48	37	13
N. Cook	19	63	9
Lake	36	42	19
McHenry	0	96	4
Will	14	54	31
Rockford	32	65	1
Peoria	25	73	1
Decatur	31	69	0
Champaign	33	65	0

state programs. The existence of the problem in Chicago, however, is an indication that the problem can be present even in a system under minority leadership.

The statistics do not prove discrimination either by JTPA officials or employers. In fact, there may be other differences of education, skill levels, and other factors that explain what appears to be discrimination against blacks. Nonetheless, the importance of these jobs and the consistent pattern of underrepresentation suggests the need for very careful monitoring of placement processes within OJT.

PREEMPLOYMENT TRAINING

The most significant change in program emphasis under JTPA is the tendency to offer many participants training in how to search for a job but no substantive training. In contrast to traditional programs that are based on the assumption that the trainee needs

Table 12.10

Relationship between Percent Black in Total SDA Enrollment and in OJT, and Index of Underrepresentation

Area	Blacks in total JTPA %	Blacks in OJT %	Under or over-representation %
Chicago	68	54	-21%
Du Page	11	19*	+72*
S. Cook	62	48	-23
N. Cook	42	19	-55
Lake	40	36	-10
Rockford	47	32	-32
Peoria	45	25	-44
Decatur	39	31	-21

*This represents only 13 people of whom 4 eventually received jobs.

to upgrade his or her skills to be able to find a job, these programs assume that the problem is often one more of ignorance of the market than of lack of skills. There is of course, wide consensus that this is part of the problem. In fact, providing market knowledge has been a major justification for the Employment Service and for many other experiments adopted since the 1960s. Obviously there are circumstances in which helping a qualified worker become motivated and learn how to efficiently seek available jobs is necessary. Job search programs are a good follow-up for training programs.

At its extreme, however, this approach can fall into the fallacy of idealizing the job market, overstating the importance of attitude and technique as opposed to qualifications, and putting the blame on the worker rather than the training system or economic situation for the failure to find work. When used alone the technique is clearly most appropriate either in getting highly qualified workers temporarily out of a job back in contact with the labor market or in sending less qualified workers to a labor market where the demand is so strong that employers are less selective and more willing to take risks on their ability to train their own new employees. It is least suitable for workers lacking even basic job-related skills and for labor markets with little demand and high unemployment rates.

During the program year in mid-1985 there were 12,060 Illinois workers enrolled in preemployment programs, or one-fourth (24.3%) of the total state JTPA enrollment. The JTPA data system can provide no information on how many of these people were previously enrolled in a training program. Of the enrollees, 71% were adults, 29% were youths, 31% of the participants were on welfare, 24% were dropouts, and 36% of the enrollees were black. The job search program, in other words, was not strongly targeted on those groups most likely to benefit from it but included large numbers of people likely to face severe labor market problems in terms of their skill levels, their lack of strong work experience, and the probability of discrimination. The two biggest job club programs in the state were in the Cook County suburbs, just outside Chicago. Southern Cook County enrolled nearly 1,400 in this program and Northern Cook nearly 1,200 more. In the Northern Cook training programs, 92% of the blacks participated in preemployment training as did 43% of those in Southern Cook. These were not necessarily exclusive placements.

Table 12.11 shows the very different ways in which preemployment programs are used in different parts of Illinois.

Of any localities in the state, Chicago and Peoria had by far the lowest proportion of preemployment enrollment among those found eligible, less than a fifth of the statewide average. There were also extremely wide variations in the employment rates of people coming out of the programs, although none of the placement rates were very high. With the exception of Peoria's tiny program, placement rates were highest in Champaign, Chicago (where a very small fraction was enrolled), and parts of the outlying Chicago suburbs. At the other extreme, in Danville (a very depressed industrial city near Champaign) and in extreme southern Illinois (which suffers from chronic economic problems), the number who found jobs in these areas was less then one-fifth of the number enrolling during the year. Chicago reported the lowest average wage at placement in the state.

Perhaps the most dubious use of Job Club and other preemployment strategies comes in the case of high school dropouts and others lacking basic skills. A number of the localities reporting substantial enrollment of dropouts reported low proportions of their enrollees getting jobs. Eight of the state's twenty-six Service Delivery Areas reported that less than a fifth of the dropout enrollees received jobs during the program year. Six more had less than one-third placement. The agency serving extreme southern Illinois reported only 7% of these enrollees getting work. It is important to determine how many of the low-skill participants in JTPA received no actual training. The data currently available provide no such information.

WORK EXPERIENCE PROGRAM

The work experience program is a small program of temporary subsidized work which may help prepare trainees for permanent jobs. Only fourteen of the state's twenty-six Service Delivery Areas offer this program for five or more participants during the program year; 1,746 people enrolled in the program that year and 59% completed it. In the entire state, however, only 298 of them found jobs, about a sixth of the enrollment or 29% of those who finished the work experience.

Table 12.11

Preemployment Programs in Select Illinois SDAs
July 1984 to June 1985

Service Delivery Area	Eligible for Program*	Enrolled in Program	Placed on Job	Wage	Welfare Recipients	Dropouts
Chicago	9,050	586 (6%)	308	$3.97	31	38
N. Cook	2,281	1,181 (52)	555	5.16	20	29
S. Cook	3,064	1,375 (45)	357	5.89	33	24
Lake	325	322 (99)	111	4.58	22	37
Rockford	1,112	374 (34)	103	5.10	31	32
Du Page	729	130 (18)	53	6.16	24	24
Will	219	203 (93)	81	5.30	14	15
Peoria	1,009	17 (2)	11	5.64	12	12
Champaign	251	244 (97)	145	4.16	21	21
Decatur	563	301 (53)	99	4.22	43	30
Southern Tip (SDAs 25 and 26)	2,468	1,693 (69)	282	4.30	28	16
State Totals	38,144	12,060 (46)	4,172	$4.69**	31	24

*Applicant data is incomplete from some SDAs.
**Average of SDA means.

Note: On a statewide basis, 34.6% of those enrolled in these programs and 54.4% of those terminated from them received jobs during the year.

Table 12.12

Work Experience Program, Select SDAs
July 1984 to June 1985

Locality	Participants	Terminations	Employed	Welfare %	Adult %	Male %
Chicago	147	43	10	37	55	54
McHenry	70	45	8	11	100	59
Du Page	36	31	4	6	22	67
Peoria	149	108	14	39	30	54
Decatur	73	59	23	40	37	73
Springfield	57	22	11	32	46	28
State Total	1,746	1,032	298			

Not only was the program small but it was used for very different purposes in different parts of the state. For example, the program was totally devoted to youth trainees in several localities while in one, only adults were enrolled. There was a wide distribution between those extremes. In two localities most of the participants were handicapped while almost none were in a number of others. Chicago and some downstate cities had more than a third welfare recipients while some Chicago suburbs and other downstate areas had few or none. There were not many dropouts in work experience in most areas, Chicago reported 31%, and Decatur reported 37%. There were some programs that were more than two-thirds male and others more than two-thirds female. Overall the data suggested a small and very diffuse program with a weak record of placing people in jobs and very different goals and directions in different localities. Table 12.12 summarizes the data for select SDAs.

EXEMPLARY YOUTH PROGRAMS

Twenty-three of the state's twenty-six Service Delivery Areas report that they operated "Exemplary Youth Programs" in the year ending in mid-1985. Those programs can include training in job search skills, "try-out" subsidized temporary private employment, help in making the transition from school to work, and other related services. These programs enroll 5,225 youths throughout Illinois. On average each local Service Delivery Agency serves about a third (35%) of eligible applicants, but there is an extreme range with three local agencies offering nothing, two serving about nine-tenths of those eligible and most of the rest below 50%. The Chicago program enrolled just 283 youth, or only 3% of those applicants the city has found eligible. The state program is predominantly (57%) male. A large majority of those enrolled are between 16 and 19 years old, but three SDAs enroll mostly younger children. Some agencies use this program to serve the handicapped. More than a fourth of those served were handicapped in seven SDAs and at least a tenth in most of the others.

These programs did not lead to jobs for many participants. Statewide, less than a tenth of those enrolled and only a seventh of those terminated from the programs received jobs. Those who did get jobs tended to obtain very low wages. In the average SDA the wage was $3.48, just three cents above minimum wage.

The exemplary youth programs had little relationship to employment. They should perhaps be understood instead as educational programs or temporary support to needy teenagers. In its present form the program means very different things to different people in various parts of Illinois and has a narrow reach and limited positive impacts. Table 12.13 summarizes the data for select SDAs.

SPECIAL PROBLEMS IN CHICAGO

A special difficulty affecting service to the poor and minorities arises from the fact that the basic JTPA programs operate less effectively in Chicago than in the rest of the state, even though Chicago is home to half of the state's poor and most of its black and Hispanic people. Chicago fell significantly below its enrollment goal and sharply below its goal for completion of training during the program year. In spite of the city's vast need for training, the Mayor's Office of Employment and Training spent only 73% of its training budget and half of its budget for support services. The city enrolled very few dropouts in basic skills training and even those enrolled had a completion rate of two-thirds below the state average. People who lived in Chicago were not likely to receive job training that was as effective as people living elsewhere in the state.

Chicago came close to or exceeded its goals for minority and female participation overall but was 82% below its goal for WIN (AFDC) participation. It had the most serious problems in providing appropriate programs, reaching its goal for vocational training but falling 80% short in basic skills, 85% short in special youth programs, 45% short in on-the-job training, and 55% short in work experience opportunities. Table 12.14 compares Chicago's program record with those of other SDAs in the state.

Table 12.13

Exemplary Youth Programs
Select SDAs and State Totals for Program Year 1984

SDA	Partic-ipants	Jobs	Handi-capped	Welfare %	Age 16-19 %	Male %
Chicago	283	44	1	42	59	45
Lake	106	46	39	30	100	48
S. Cook	242	58	9	43	60	60
Rockford	291	9	14	45	28	56
Peoria	491	8	52	39	56	56
Decatur	141	32	21	39	61	60
State Total	5,225	510				57%

SUMMARY

There are clear signs that women and blacks are treated differently in terms of access to the most desirable positions within JTPA. Women are disproportionately concentrated in short-term vocational programs, often leading to clerical positions in almost all-female occupational categories offering low wages and little mobility. JTPA is not entirely responsible for the inequalities. Unequal elementary and secondary schools, educational backgrounds, forces which steer men and women into different careers, and systematic discrimination in parts of the labor market are among the causes. Any program which is totally dependent on the private market for its placement will inevitably reflect some of the problems of the private market. Those job discrimination problems are likely to worsen as affirmative action requirements are weakened.

It is clear that there should be a serious review of the nature and results of the screening and counseling procedures within JTPA to try to assure that screening criteria are genuinely job-related and that every effort is made to make full access to the more

Table 12.14

Chicago Job Training Program Compared with Other Illinois Programs and the State Average July 1984 to June 1985

	Chicago	Peoria	Rockford	Decatur	S. Cook	Lake	State Total
			Percent of Goal Attainment				
Trainee enrollment	84	87	111	118	119	106	102
Trainees completing program	55	71	112	138	112	109	87
			Percent of Budget Allocation Spent				
Training budget	73	72	85	88	101	87	75
Support services	49	76	111	72	71	61	57
			Enrollees in Basic Skills				
No. of dropouts	266	114	0	57	5	376	2,061
No. of limited-English speakers	2	36	0	0	0	258	441
Percent of eligibles	4	11	0	23	7	99*	11
			Percent of Enrollees Completing Program				
Dropouts	21	37	0	74	80	80	63

*Probably reflects incomplete reporting of eligibles.

desirable training slots possible for groups that face labor market discrimination. JTPA organizations, contractors, and relationships between JTPA and private institutions should be monitored closely for effective implementation of civil rights policies. Unequal treatment for those often victimized by discrimination is a very important issue requiring vigorous law enforcement and careful management attention.

Chapter Thirteen

The Absence of Supportive Services and Its Impact

Through the provision of services and cash assistance, participant support first acts as an enabler and secondly as an incentive to participation in job training programs. From the inception of the first large-scale federal job training act, the Manpower Development Training Act of 1962, to its modern equivalent, the Job Training Partnership Act, the role of participant support has been the subject of considerable controversy since it reflects broad conflicts over approaches to dependency and work incentives.

Under CETA in 1981, participant support in the form of wages, stipends, and services such as child care and transportation accounted for over 80% of total expenditures in Illinois. (Wages paid under public sector employment and similar programs were a major portion of this share—50.3% of total expenditures.) For the first year under JTPA, participant support expenditures amounted to less than 15%. The change is somewhat less drastic than this number suggests, however, since job search assistance was reclassified from a support service under CETA to training under JTPA. The severity of this decline raises many issues receiving little attention by policymakers. SDA administrators and higher officials have often argued that the effects of such cuts have been insignificant, since performance standards and goals for significant segments are being achieved. Analysis of those not served is sidestepped in the process.

A closer analysis of the issues reveals that many of the assumptions about the availability of other sources of support for participants are unfounded. Moreover, a survey of service providers, who maintain close contact with the participants, shows that the need for such support does exist, and the lack of it often adversely affects their clients. Finally, the function of support as an incentive for those on public assistance to participate seems to have been lost among new concerns for attracting only those who are more "motivated."

What is participant support? The term has been used to describe many things over the course of CETA and JTPA, therefore the broadest sense of the term will be employed here. The primary function of participant support is to enable those who could not otherwise afford to, to participate in job training. The Comprehensive Employment and Training Act specified and monitored a variety of different forms of participant support which are defined in the *Code of Federal Regulations*. The allowable cost categories are specified as: administration, training, wages, fringe benefits, allowances and services. The latter four categories will be described as participant support in this chapter.

Wages and fringe benefits could only be charged under PSE, work experience, or public or private nonprofit on-the-job training. Allowances or subsidies, as they are commonly referred to, were cash payments made to participants while they were undergoing classroom training or partaking in any activities not covered by wages.

The Absence of Supportive Services

Supportive service costs were allowable in all program activities. Such supportive services may include day care, health care, transportation, special services and materials for the handicapped, residential support, financial or family counseling and may be provided in-kind or through cash assistance.

With the enactment of JTPA, the wage and fringe-benefit categories were eliminated; the allowances and supportive services were combined and are now monitored under one broad category—participant support. Fifty percent of limited work experience and 100% of extended work experience expenditures are to be included in the participant cost category, while the other 50% of limited work experience is now included under training costs. (Work experience is the temporary placement of an enrollee with a governmental agency or private nonprofit agency, with wages paid by the sponsor. It is rarely offered by JTPA agencies.) In addition to the elimination of PSE, some other dramatic changes have occurred. Under CETA, the use and amount of participant support was a local decision. The use of support is still a local decision, however the Job Training Partnership Act established a limit. Of the allocation to Service Delivery Areas, 70% must be reserved for training. Only 30% may be charged to administrative and supportive service costs. In addition, there is a 15% limit on administrative costs alone. In effect the SDA may spend anywhere between 0 to 30% of its allocation on participant support. (This is assuming there is no administrative cost, but in the second quarter of program year 1984, administrative costs were about 16.9% of Title IIA expenditures in Illinois; this means no more than about 15% is potentially available for participant support.)

Expenditures may be made in excess of this limitation if the job training plan demonstrates the need and if the private industry council requests a waiver which is granted by the state. However, no one has done so in Illinois. SDAs in Illinois are not even spending 15% of their allocation, and participant support allowances have become virtually nonexistent. A policy document from the Illinois Department of Commerce and Community Affairs [Participant Support Cost Category, 1985] cites several possible reasons for the underuse of support funds:

> The more participant support funds are spent the more the cost per participant will increase. Since Title IIA programs must meet performance standards, local programs strive to keep the cost per participant low. Further, JTPA participants are seen as being more job ready (in contrast with CETA) and therefore requiring fewer supportive services and shorter periods of program enrollment. Finally, low participant costs do not necessarily equate with the absence of supportive services. JTPA emphasizes the non-duplication of services; most of the services generally understood as supportive services can be provided by other social service programs.

This last contention will be refuted in this chapter. Following an overview of the debated issues, we will argue that performance standards have fostered the underuse of support funds in the face of an existing need.

SDA AND SERVICE PROVIDER INTERVIEWS

In interviews with a variety of JTPA local administrators and service providers, opinions about the current status of participant support varied from one extreme to the other. A few SDA directors said there was a basic need that was not being met. Limiting supportive services, especially stipends, places limitations on who can afford to participate in training programs. However, others argued that the decline in support also prevents abuses of the system and can produce more motivated participants. The wide range of views reflected the wide range of expenditures on participant support, from one SDA (Lake County) which spent only 0.4% of its appropriation to others which spent over 15%. The Lake County SDA deserves notice because it offers almost no supportive services. Their private industry council (PIC) dictated the decision and the SDA director [Wright, 16 January 1985] wholeheartedly supports it. He estimates that as high as 25% of the CETA participants abused the supportive services, especially the stipends, by participating in the training not because they wanted the training, but because they wanted the stipends. People who want training, according to Wright, can find some way to get their own support: they are referred to other agencies, and they can always find the means somehow, even if it means finding a "loan" from someone such as a relative.

On the other hand, other SDA administrators generally agree that the loss of stipends is creating dropouts from the programs. Peoria officials [Kohlbuss and D'Hondt, 25 January 1985] see the absence of support money as exacerbating the problem of few training opportunities for the poor, uneducated, and unskilled. Despite their concern, they are pressured by performance standards (low cost per entered employment) to keep participant support at a minimum.

The views of service providers in agencies that actually run training programs under contract to the SDAs indicated a much stronger consensus. Of the 30 service delivers interviewed, almost three-quarters (73%) indicated that provision of supportive services was important. Rockford agencies viewed the need for supportive services most strongly, in that all seven agencies rated it as very important to a participant's employment-related needs, while 57% of Northern Cook agencies perceived supportive services as very important. Moreover, less than half of the service providers reported being satisfied or somewhat satisfied with either the amount of supportive services or the stipend policy of no allowances for participants. This indicates a strong perception among service providers that participant support should be a component of JTPA.

Administrators' and service providers' positive and negative views on support services can be summarized as follows:

1. CETA attracted participants that were not seriously interested in training but who stayed on only for the stipends
2. CETA had become just another entitlement program; a job training program should not be involved in the welfare function
3. Participants can find support elsewhere
4. The pressure to reduce ratios between expenditures and entered employment rates forces SDAs to cut back on expenditures and to accept people who are more job-ready and cheaper to train
5. Certain segments of those eligible, such as the poor, the disadvantaged, and single parents are probably not being served because they need support in order to enroll in the programs.

The contradictions in these views reflect conflicts over U.S. social policy in general. It is often argued that large entitlement programs are open to abuse and and are therefore excessively wasteful. The possibilities of abuse should be recognized, but the needs of serious trainees must be met to have an effective program that reaches specific target groups. To analyze these conflicting views, the decline of participant support in shown in figures 13.1 and 13.2. Figure 13.1 shows total participant support for all activities under CETA and JTPA in Illinois from 1974 to an estimate for 1984. This includes expenditures charged under the wage, fringe benefit, allowance, and supportive service categories. The 1984 estimate is a liberal estimate based on the assumption that SDAs spent all of their allowed 15% on administrative costs, leaving an allowed 15% for participant support. (For aggregate data on all programs combined under JTPA, only total expenditures were available.) Yet, not even this much was spent for participant support under Title IIA alone for which we have actual breakdowns. The 1984 estimate does not, however, include 50% of limited work experience costs because this proportion is now included under training costs. Expenditures in 1984 for participant support could not have exceeded 15% of the total budget or about $10.27 million in constant 1972 dollars. This compares to the peak of participant-support expenditures in 1978 when $201.23 million constant value dollars were spent (this includes wages under PSE). The corresponding percentages of total expenditures in Illinois are shown in figure 13.2. At the peak in 1980, 87.6% of appropriations were spent on participant support while in 1984 less than the estimate of 15% was spent [U.S. Department of Labor, Employment and Training Administration 1984]. Because administrative costs for the years 1980-83 were not included in total expenditures, the percentage spent on participant support was slightly lower than indicated for these years. This would show a slight decline, but not of the magnitude of the 1984 cuts.

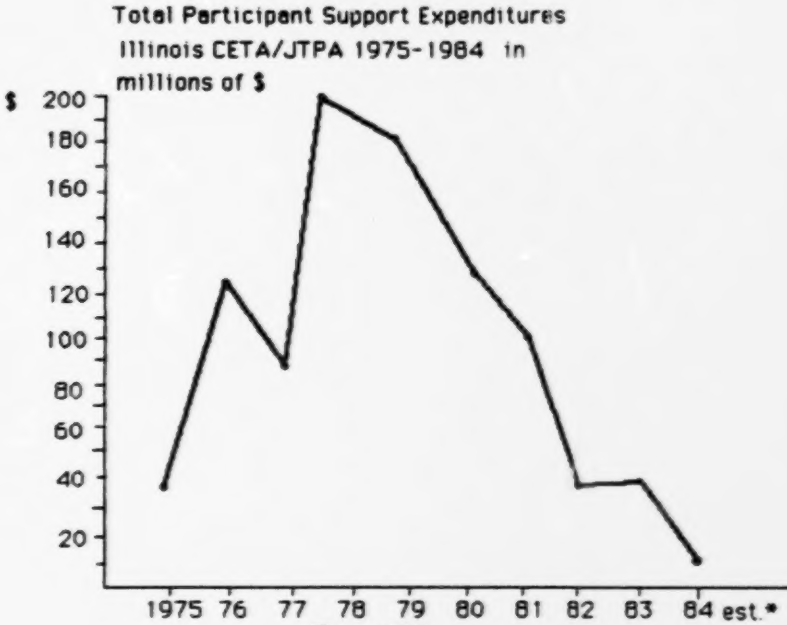
The contrast is just as dramatic for title IIA alone—the basic general job training program (not including PSE)—for which we have actual expenditures on participant support for the program year of July 1984 to June 1985 [Illinois DCCA, Title IIA Basic Indicators Report, 1985]. This figure was $6.3 million or 9% of total IIA expenditures. Figure 13.4 shows the the actual expenditure per person enrolled in CETA or JTPA. (For 1984, allowances are combined in the total.) All four charts show that the current support expenditures are almost insignificant in relation to previous levels. Despite this only 9% of the allocations were spent for services when at least 15% was allowed by the Act and local PICs could have requested higher levels.

SUPPORT SERVICES

The low expenditures on support services are reflected in the equally small number of JTPA participants receiving either childcare or transportation assistance, the two largest forms of supportive services.

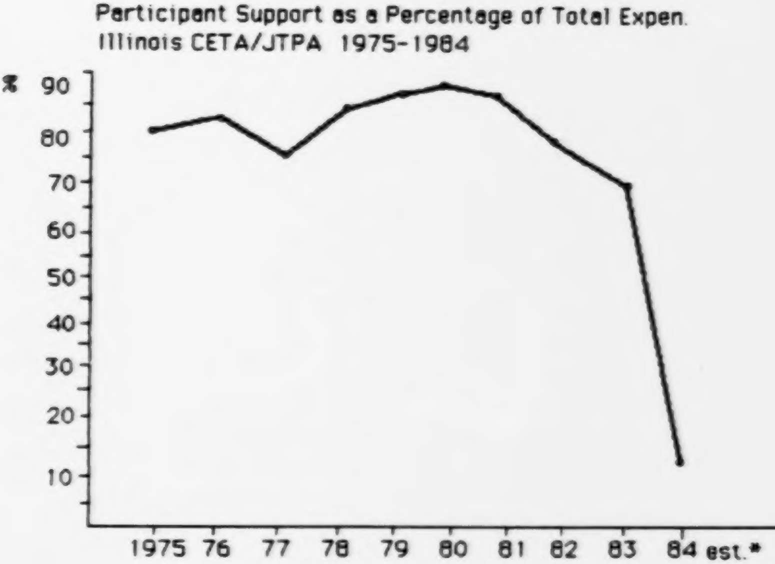
	Eligible	Receiving	Percent of Total	Percent of Eligible
Childcare	27,213	1,252	2.5	4.6
Transportation	39,945	13,984	28.0	35.5

Source: MIS II, Target Population Charcteristics, 10 October 1985.



Total Participant Support Expenditures Illinois CETA/JTPA 1975-1984 in millions of $

Figure 13.1



Participant Support as a Percentage of Total Expen. Illinois CETA/JTPA 1975-1984

Figure 13.2

Sources: U.S. Dept. of Labor, ETA, 1985; Illinois Dept. of Commerce and Community Affairs, 1985.

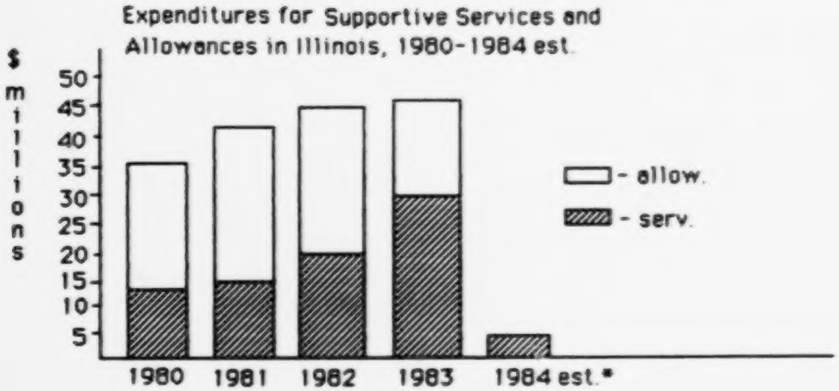


Figure 13.3

Sources (both figures): U.S. Department of Labor; Illinois Bureau of the Budget; Illinois Dept. of Commerce & Community Affairs

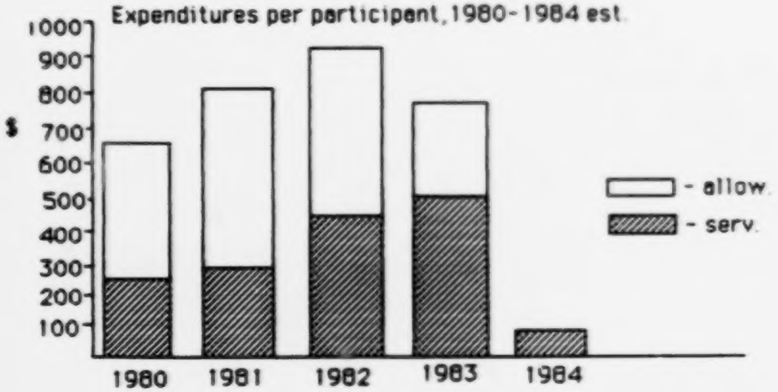


Figure 13.4

Out of a total of 26 Service Delivery Areas, eight offer no childcare support at all. This includes the city of Chicago which reported a total of 8,325 people or 31% of the total number eligible to receive childcare support. A total of 43% of all people eligible to receive childcare support lived in SDAs where none was available. Six of SDAs without childcare support also offered no transportation subsidies. Of the 13,984 people receiving transportation assistance 55% of them lived in the Chicago SDA which provided a total of 7,684 participants with bus fare.

One of the reasons cited for this underuse was that there is no serious need, and the services provided would be duplicated. Certain trends in public service and in the composition of the labor force indicate that this is not the case.

DAY CARE

The need for participant support can be subdivided into two categories: the need for child care and other services such as transportation and the need for a stipend or an allowance. Two trends document the need for child care: first, the rapid increase in labor force participation by females, and second, the recent decline in the availability of publicly supported day care services. The statistics describing the rising number of females entering the labor market are familiar to nearly everyone, but it is important that they be analyzed for our purposes.

This growth can be broken into two components: single women who maintain families and married women. Johnson and Waldman [1983: 30] detail selected characteristics of women maintaining families and their labor force participation rates. The national participation rate of women maintaining families increased from 52.9% in 1970 to 59.7% in 1980 and remained stable in 1983. However, the participation rate of single females with children under age six grew at a faster rate and continued to rise to 55.2% in 1983 or about 2.08 million women nationally. What is significant about this group is that they are much more likely to have incomes below the poverty line and be eligible for JTPA. In 1982 more than one of three families maintained by women were poor, compared with one of thirteen other families [Johnson and Waldman 1983: 33].

Additionally, one in four families headed by women who had incomes sometime during 1982 were in poverty while one in two families where the householder had no earnings experienced poverty. These differences were amplified in families with children under eighteen. When the mother had earnings, 29% had incomes below the poverty level; when she did not 88% were poor. Finally, the incidence of poverty increased with each additional child in the home—from 37% with one child to 85% with four or more children [Johnson and Waldman 1983: 33]. Briefly, those women entering the labor market last are the most likely to be the less experienced and the most impoverished and consequently most in need of combined job training and publicly supported day care.

The second component of the increasing female labor market participation consists of those women who are married. The participation rate of women in families with children under eighteen years of age grew at a faster rate between 1950 and 1983 than did the rate of women in families with no children under eighteen. And for women with children under six, the participation rate continued to grow in the early part of the 1980s. This trend becomes clearer when this group is broken down by the age of the child. For instance, the labor force participation rate for wives with children at age four grew from 51.5% to 57.2% between 1980 and 1983 [Waldman 1983: 18].

The demand for day care has increased rapidly as indicated by a study in the Monthly Labor Review [1983] by Sheila B. Kamerman of Columbia University. Based on a survey by the Abt Associates in 1977, Kamerman concludes that at that time a total of 54% of three- and four-year-olds were in some kind of group care for at least part of the day. And based on data from the National Center for Education Statistics, the proportion of three- and four-year-olds in a full-day program doubled from 17% in 1970 to 34% in 1980. As expected, all-day enrollment rates are far higher for children of working mothers, but more significantly, as Kamerman stated, the enrollment rates are even higher when mothers have larger incomes. Most of the programs are private and relatively expensive, "raising serious questions about the consequences for those children in lower-income families without access to such programs" [Kamerman 1983: 36-37].

These national trends are reflected in more limited data on Illinois. Census data show that the percentage of women with children less than six years old who participated in the labor force jumped from 29% to 43% between 1970 and 1980. This translates into over 690,000 women with at least one child less than six years of age who were in the labor force statewide in 1980. Additionally, among those women with children under six who headed households themselves, over 48% participated in the Illinois labor force in 1980.

The problem would be lessened if the supply of public-supported day care kept up with the demand. However, while demand has increased, public support has dropped, both in terms of funding and in the average monthly availability of day care slots in Illinois. The provision of employment and training related day care for low-income mothers is primarily the responsibility of two state agencies: the Department of Children and Family Services (DCFS) and the Department of Public Aid (DPA). DPA's role is limited to recipients of Aid to Families with Dependent Children. By 1979 a greater number of AFDC recipients were taking jobs, thereby pushing them over eligibility requirements. A program administered jointly by DPA and DCFS was created to try to meet this new demand. However, in 1984 this program was eliminated, leaving a growing number of working AFDC recipients and working mothers with incomes less than 80% of the median to compete with JTPA participants for a projected number of average monthly slots that was less than the number DCFS provided in 1980 [Illinois, DCFS, June 198]. Understandably, there currently exists a waiting list of about 3,500 children on the Department of Children and Family Services regional lists as estimated by the Day Care Action Council of Illinois [*Advocate News*, Feb.-Mar. 1985]. The need for day care is growing and the resources are shrinking. Many women have nowhere to turn if they have children but need long term basic skills or vocational training. Through the first two years of JTPA, for instance, there was no day care program in Chicago [Cerda interview, 1985].

STIPENDS OR ALLOWANCES

The needs outlined above are further excacerbated when coupled with growing needs for more general cash assistance. The growing number of unemployed males are central to this problem. For the first time in decades the male unemployment rate exceeded that for females in 1980. According to census data, the male unemployment rate in 1980 was 7.4% while the rate for females was 6.6%. This compares to 3.3 and 4.5% respectively in 1970. These trends parallel declines in general public assistance and funds for quality day care.

During the national economic recovery in 1983, the poverty rate rose to 15.2%, the highest it has been since 1965 [*Washington Post*, 3 August 1984: 1] It remained at 14.4% in 1984 [*Wall Street Journal*, 30 August 1985]. Some have argued that the official poverty rate misrepresents the true conditions because no account of certain noncash public benefits is made. Even though the poverty rate is lower with the inclusion of these benefits, calculated this way it increased even more sharply between 1979 and 1982 because of reductions in food stamps and other benefits [*New York Times*, 24 February 1984: 1] (see fig. 13.6). The poverty rate for two-parent families rose 46% under the official definition of poverty, but by 64% when counting noncash benefits. (This also suggests that the cushion effect of having two possible sources of incomes was often not enough to overcome the general rise in poverty.) Most of this general rise in poverty can be explained by the recession in 1982; however, a Congressional Research Service study released in 1984 found that budget reductions approved at the request of the Reagan Administration put approximately 557,000 people in poverty in 1982 [*New York Times*, 26 July 1984: A19]. Among those groups most hurt were poor children, whose incidence of poverty increased by 331,000 or 2.9% as a result of the budget restrictions or poor families headed by women, whose numbers rose by 283,000 or 2.8%. A study by the General Accounting Office based on a review of federal, state, and local government data, 12,000 case records and interviews with 668 welfare recipients indicated that despite increased work efforts and increased earnings, respondents removed from the welfare rolls as a whole have not earned enough to make up for the loss of welfare and food stamp benefits by the fall of 1983 [*New York Times*, 31 March 1984: 1].

As people are pushed out of the welfare system, the adequacy of the job training system becomes all the more important. Falling support for those in poverty parallels trends in public support of those who are unemployed. A study released by the Congressional Budget Office indicates recent declines in the share of unemployed receiving unemployment insurance benefits. Only about 10.1 million or about 39% of the 26 million unemployed persons in 1983 received unemployment insurance (UI) benefits [March 1985: 6] (see figs. 13.7 and 13.8). "Since about 1980, the share of jobless workers receiving UI benefits has declined dramatically. . . . Research indicates that this drop has been associated with an unexpected decline in the number of UI recipients relative to the number of unemployed job losers. By 1983 the difference in these two groups had risen from nearly zero to well over two million persons" [p. 11]. The causes of this phenomenon are hard to fully specify, but the authors assert that a series of legislative and administrative changes at the state and federal levels intended to lower UI insurance costs have probably combined to create higher and stricter eligibility requirements.

Further substantial cuts primarily affecting unemployed males in declining industries have occurred in the Trade Adjustment Assistance Program (TAA). TAA provided additional weeks of cash unemployment benefits after UI benefits had expired when joblessness resulted from international trade problems. Expenditures for this program amounted to over $1.5 billion in fiscal year 1981, but because of the 1981 Reconciliation Act, expenditures dropped 97% to $51 million in 1985, and the program was transformed from one that emphasized cash benefits to one that emphasized adjustment through training and placement. Moreover, the TAA expired on 30 September 1985 and no reauthorization is being sought. According to the Office of Management and Budget, reauthorization was not being pursued for "equity reasons." In other words, it is argued, cash support should not discriminate on the basis of cause of job loss. [OMB, 1985: 48-49]. Since all people needing longer benefits did not get them, none should. It is simply misleading, however, to believe that adequate alternatives to the scarce participant support resources of JTPA exist. In addition to a sharp decline in job training funds and an elimination of stipends, far fewer people can support themselves during training with unemployment and trade assistance funds.

EFFECTS

What has been the effect on JTPA participation? Remarkably, in light of these trends, the near absence of supportive services seems at first glance not to have affected the number of female job training participants in Illinois. There appears to be no correlation between the number of women enrollees and the relative expenditures for supportive services between various years and SDAs. The true effects, however, are harder to determine. Because the pool of eligible women is so large and joblessness has grown so substantially, it is easy to maintain female enrollment proportions while still excluding those needing services. The enrollees may have relatives or neighbors willing to care for their children or their children may be placed in very cheap and low-quality day care or just left home alone. Women on AFDC are eligible for dav care under the WIN program. Among other women who are unwilling to sacrifice adequate care for their children, there exists a strong disincentive to participate in job training. The fact that many SDAs are meeting their "quota" of women does not address the real issue of equity and child welfare. One sign of the problem is that the state fell 9.2% below its female participation goal in the program year and five SDAs were more than 15% below their plans.

It is important to note that the true effects cannot evaluated without information about certain target groups. The state JTPA data system cannot currently provide this information. The data obtained show that 31% of the participants receive some kind of outside welfare support, indicating that those who do not may be underserved. As noted in the evaluation chapter (chapter 2), these may be individuals who are employed in low-skill minimum-wage jobs who lack the resources and security to risk investing in training. To fully evaluate the effects of the absence of stipends, more information must be obtained about this segment's participation. Unfortunately, the Illinois JTPA data system has provided no information on the income levels of female participants or their child care needs, nor has it provided information about the ability of unemployed men to afford long-term skills training.

However, our service provider survey produced some important information. Certain effects of this lack of participant support may be found in the amount and causes of client attrition. Client attrition was the greatest problem for Rockford, where three of the seven agencies reported a problem of attrition; this compares with four Chicago and one Northern Cook County agency. The most frequently cited reason was a participant's immediate need for income, while lack of child care, transportation, and frustration with the enrollment process were occasionally problematic. Lack of child care was also frequently cited as a problem contributing to placement difficulties. The inability of a client to locate child care was a major problem for one-third of the agencies and a minor problem for another third of the agencies.

The Absence of Supportive Services

Earlier evaluation research found that the availibility of child care was an important determinant of participation by women [Smith 1972]. The 1976 Survey of Income and Education showed that one-third of females not participating in job training cited child care needs and family responsibilities as major reasons for their inability to seek employment [Hahn and Lehrman 1983].

The principal findings on participant support can be summarized as follows:

1. Certain target groups have been identified where unmet needs pose a barrier or disincentive to participation: growing segments of married and unmarried women in the labor force who lack the resources to provide quality care for their young children; growing segments of individuals who are in poverty or unemployed and lack the money to live on while receiving job training
2. Federal and state supported assistance of specified JTPA target groups has undergone recent declines in terms of subsidized day care, AFDC payments, food stamps, and unemployment insurance
3. Other evaluations conclude that participant support to target groups has had positive impact
4. Our survey has shown that a need for participant support exists, and the lack of it has had adverse effects on attrition and placement goals. The seeming absence of serious attention to these issues by program administrators is reflected in the absence of adequate information about the participation of certain groups. The percentage of job training money spent on participant support in Illinois has dropped over 50% since 1982

If the need exists, why are expenditures so low and what, if anything, should be done about it? The contention that participant support can be provided by other programs is a misreading of current trends. This leaves two possible explanations for the underuse of supportive services, and the answer is likely a combination of the two. As mentioned previously, performance standards play a very strong role in JTPA and have significant effects on almost every aspect of the program—participant support is no exception. Because of the emphasis on high entered employment rates and low cost per placememt, there is a tendency to serve those who are more job-ready. These are often the very individuals who need the least training and support. Also, training programs in general are shorter and this has the same effect. Cause and effect become intertwined here, because as SDAs are more hesitant to provide support, those who need it are less likely to apply, making it seem as though there is no need. As a result, concerns for broader issues such as child welfare, equity, and providing incentives to move people off of welfare are lost in the more immediate concerns of meeting performance standards.

The ideal of low-cost training is taken so seriously in the JTPA system that the local agencies use even less funds than they are allowed and often fail to provide essential services even on a very modest scale. If few services are good, some training officials seem to reason, none at all would be even better. If no services are offered it becomes that much easier to meet the cost standards.

Chapter Fourteen

Service to Youth under JTPA

YOUTH AND THE LABOR MARKET

Young people constitute a disproportionately large percentage of those seeking work but unable to find it. According to 1980 census figures, persons under twenty-five made up 25% of the labor force in Illinois but were a full 46% of those unemployed [IBES 1981]. Youth unemployment rates are generally at least twice as high as those for the general population and have been on the rise since the early 1970s. The average yearly unemployment rate for youth aged sixteen to nineteen from 1970 through 1974 in Illinois was 15.8%, while the average rate for the first five years of the 1980s stood at 20.4% [Bureau of Labor Statistics 1984].

Analysts often try to reduce concerns about high youth unemployment rates by emphasizing some unique conditions of youth labor force participation. The proportion of youth that are in the labor force—working or seeking work—is much lower than that of adults, since a large percentage of young people are attending school fulltime and are opting not to work and/or are being supported mainly by parental income. Also, teen employment in particular is of a more temporary nature than adult unemployment, with teens often moving in and out of jobs as their school schedules and financial needs change or as the economy fluctuates. In addition, the overall growth in the teenage population during the middle and late 1970s, coupled with the absence of any parallel economic growth, would lead one to expect high and rising unemployment among those youth seeking work during this period.

It is of interest to note, however, that while the teenage population growth has now tapered off and the unemployment rate for youth aged sixteen to nineteen has declined 11.5% from 1979 to 1984, the number of teens employed has declined at a greater rate of 20.3% [Roosevelt Centennial Youth Bulletin, July 1985]. The national figures indicate that an increasing percentage of unemployed youth are "new entrants" to the labor market, having never worked, while the percentage voluntarily moving in and out of jobs (job leavers and job reentrants) has declined (Table 14.1). Many youths are not counted as unemployed because they have given up looking for work.

SEVERE UNEMPLOYMENT AND NONPARTICIPATION AMONG MINORITY YOUTH

Youth unemployment statistics for blacks and other minority youths are the most striking. Nationally, the gap between the unemployment rates of white and nonwhite

Table 14.1

Unemployed Youth
Percent Distribution

	1974	1976	1977	1984
Job losers	19.7	22.6	19.2	20.1
Job leavers	12.2	8.9	9.4	6.2
Reentrants	30.6	28.8	28.7	27.8
New entrants	37.4	39.7	42.8	45.7

Source: Employment and Earnings, January 1975, January 1977, January 1978, January 1985.

teens has not diminished since 1954. Today, the proportion of nonwhite teens unable to find work is twice that of white teens (Table 14.2).

Of equal interest are differences in employment figures for white and minority youth. In Illinois in 1980, 54% of white teens were employed while only 17% of all nonwhite teens were working. For older youths the gap lessens only somewhat, with 71% of whites aged twenty to twenty-four working as opposed to 40% for nonwhites in the same age group (Table 14.3).

Labor force participation rates are equally telling of minority youths' difficulties in entering the labor market. In Illinois in 1980, the proportion of nonwhite teens counting themselves out of the labor market was almost twice as large as the proportion of white teens doing likewise. While two-thirds of all white teens were working or seeking work, only one-third of all minority teens were doing either. This discrepancy shrinks somewhat for older male youths but remains large for young women: only 48% of black women aged twenty to twenty-four were in the labor force in contrast to 72% of white women in this age group (Table 14.3).

Why are so many minority youths in Illinois not working or seeking work? An analysis of reasons given for being out of the labor force is revealing (Table 14.4). For the majority of teens, school is cited as the major reason for not working and not seeking work. It is difficult to know to what extent perception of job obtainability is also a factor, especially for youths living in areas of highest unemployment. For those aged twenty to twenty-four, however, some clear distinctions emerge, especially for males. The majority of young minority men gave reasons classified as "other," which is commonly thought to represent the category of "discouraged worker." As an Illinois Bureau of Employment Security analysis emphasizes, large numbers of young black men are simply shut out of the labor market and "have separated themselves from the mainstream of workers and job-seekers" [IBES 1981: 18].

Table 14.2

National Teen Unemployment Rate by Sex and Race
1954-83

Age 16-17	1954	1964	1974	1983
Males				
(white)	14%	16%	16%	23%
(black and other)	13%	26%	39%	52%
Females				
(white)	12%	17%	16%	21%
(black and other)	19%	37%	36%	49%
Age 18-19				
Males				
(white)	13%	13%	12%	19%
(black and other)	15%	23%	27%	47%
Females				
(white)	9%	13%	13%	16%
(black and other)	22%	37%	34%	48%

Sources: Not Working: Unskilled Youth and Displaced Adults, Ford Foundation, 1983; U.S. DOL, Employment and Earnings, January 1984.

EDUCATION AND UNEMPLOYMENT AMONG YOUTH

What underlies this glaring and unabating discrepancy between white and nonwhite youths' success in negotiating the labor market? A recent Ford Foundation working

Table 14.3

Youth Labor Force Attachment in Illinois by Age, Sex, and Race
1980

	Employed	Unemployed	Not in Labor Force
Overall			
Age 16-19			
(white)	54%	11%	36%
(black and other)	17	15	69
Age 20-24			
(white)	71	9	20
(black and other)	40	19	41
By Sex			
Age 16-19			
Male			
(white)	54	12	33
(black, and other)	16	20	64
Female			
(white)	54	8	38
(black and other)	17	10	73
Age 20-24			
Male			
(white)	77	11	12
(black and other)	49	24	27
Female			
(white)	65	7	28
(black and other)	33	15	52

Source: Youth in the Labor Force, Illinois Bureau of Employment Security, 1981.

paper on the subject provides succinct discussion of the problem's many dimensions, including the growing concentration of black youths in central cities that are experiencing economic decline and high overall unemployment. In Illinois in 1980, for example,

Table 14.4

Reasons for "Not in Labor Force" Status (Illinois)
by Age, Sex, and Race
1980

Males	Age 16-19		Age 20-24	
	Whites	Blacks/Others	Whites	Blacks/Others
Not in Labor Force	100%	100%	100%	100%
School	78	78	69	34
Home	0	3	0	4
Unable to work	1	0	1	2
Other	22	20	30	61
(Labor force participation rate)	(67)	(36)	(88)	(73)

Females	Age 16-19		Age 20-24	
	Whites	Blacks/Others	Whites	Blacks/Others
Not in Labor Force	100%	100%	100%	100%
School	66	68	23	26
Home	17	20	68	64
Unable to work	0	1	2	2
Other	17	11	7	9
(Labor force participation rate)	(62)	(27)	(72)	(48)

Source: Youth in the Labor Force, IBES, 1981.

78% of all black teens lived in central cities, while the proportion for all teens over fifteen was 34%, according to census figures. Another handicap, more important in a consideration of intervention strategy, is the quality of education received by many minority teens, as reflected by the high noncompletion rates among black and Hispanic high school students [Borus 1982: 108]; by the inferior range of offerings and the low achievement test score averages in segregated city high schools (Orfield et al. 1984: 117-53); and by the declining proportion of minority youth enrolling in four-year colleges [Orfield et al. 1984: 17]. There especially seems to be an ill fit between Hispanic teens and the school system; according to 1980 census figures, 34% of all U.S. Hispanic teens aged eighteen to nineteen were out of school and without a diploma, as opposed to 21% of all blacks and 15% of all whites in the same age group [Ford Foundation 1983: 17].

Table 14.5 plainly illustrates these relationships between race, high school graduation, labor force participation, and employment for older teens not in college. It is of added interest to note that the table shows young black high school graduates to be experiencing a much higher unemployment rate than young white nongraduates. As the Ford report stresses, "poorly educated minority youth—especially dropouts—living in central cities constitute the core of the problem of youth unemployment" [Ford Foundation, 1983: 19].

Figures on race, education, and labor force status among Illinois youth substantiate this picture. In 1980, the proportion of black teens aged sixteen to nineteen who were out of school and without a diploma was almost twice that of white teens, as was the proportion of minority nongraduates who have withdrawn from the labor market [U.S. Census Bureau 1983: 15-104]. Conversely, 44% of white teenage nongraduates were employed while only 17% of nonwhite nongraduates were working; and even among minority youth with diplomas, the percentage employed was lower than that for white nongraduates. Further, the number of nonwhite youths out of the labor force is even greater than the number who are working.

The Job Training Partnership Act aims (on paper) to serve those who are "most in need" of assistance in obtaining productive employment, and extraordinary emphasis has been placed on service to young people with such need. Forty percent of JTPA funds must be spent on youth. Those youth likely to be most in need of training are minority youth in general and minority nongraduates in particular. In 1980, the number of Illinois teens alone who were out of school, without a diploma, and seeking work (not to mention those many who have simply given up the search) came to almost 20,000. At current funding levels, if JTPA youth programs served only this group, they would be reaching over half of these most needy young people.

The following section looks at who JTPA is actually serving and explores how the structure of the program is shaping the youth participant group and the services being offered.

II. SERVICE TO YOUTH UNDER JTPA: WHO IS GETTING WHAT?

Who are the youth participants in the Illinois JTPA programs? The state's annual status reports give us a broadbrush sketch of the young people aged sixteen to twenty-one who are going through the system.

Table 14.5

1981 Labor Force Participation Rates and Unemployment Rates of High School Graduates and Dropouts (by Percent)

High School Graduates (1981)*	Labor-Force Participation Rates	Unemployment Rate
Whites	86.6	17.1
Blacks	69.6	53.5
Hispanics	71.4	28.0
High School Dropouts (1980-81)		
Whites	68.2	29.2
Blacks	46.7	71.4
Hispanics	67.2	35.0

*Excluding those in college.

Source: Bureau of Labor Statistics News Release USDL 82-175 (20 May 1982).

Service to Minority Youth. First, given the issues raised above, one must ask whether black and Hispanic youth are well represented in the numbers. During the JTPA transition year (TY), 43% of all youths terminated from JTPA programs were black and 16% were Hispanic. In Chicago, which accounts for over two-thirds of the state's youth terminees, 67% were black and 26% were Hispanic. Though the proportion of black youths passing through JTPA programs is higher than their incidence in the eligible population, most SDAs are below their targets for Hispanic participants.

It must be noted that though disproportionately large percentages of minority youths are experiencing severe problems in moving from school to work, it is difficult to determine from numbers whether it is the minority youths most in need who are served under JTPA. Other data indicate that the majority of JTPA youth participants are not in this "most disadvantaged" category.

Service to Nongraduates. One signal that the "most disadvantaged" youths are not necessarily being served is the low percentage of youths served who have left high school early, without graduating. Statewide, 29% of JTPA youth terminees are non-graduates, and 42% are high school graduates. In Chicago, whose public high schools have an aggregated annual noncompletion rate of over 40% [Designs for Change 1985:], only 30% of the TY youth terminees left school early—a percentage just barely higher than the state figure. Raw numbers might also be considered here. According to census data, in 1980 there were over 7,000 young people between the ages of sixteen and twenty-one in Chicago who were out of school without a diploma and unable to find work (this is a conservative measure of the problem, as the figure does not include the many thousands of youths who have stopped looking for work). Given the steadiness in both the youth unemployment rate and the dropout rate, one would not expect this number to be substantially different today. With Chicago JTPA youth enrollments amounting to 7,268 in the PY (and including those between the ages of twenty and twenty-one), one might look for a larger number of and greater proportion of those young people to be nongraduates, given both the sheer size of this group and more importantly the greater needs among nongraduates for job training and placement assistance.

Examining figures on JTPA applicants and eventual enrollees reveals signs of less-educated applicants being screened out of JTPA training. Based on analysis of figures from ten large SDAs for the TY, an average of 8% of all program applicants were high school students, while an average of nearly 16% of all enrollees were high school students. An inverse pattern holds true for nongraduates, who are slightly underrepresented in enrollee totals and slightly overrepresented in the "deferred applicant" totals.

It is difficult, however, to discuss the enrollment and participation patterns of young nongraduates specifically, since the summary reports generally do not differentiate between youths who have recently left school (who constituted one-third of all the nongraduate terminees in the TY) and adults who never obtained their high school diploma (two-thirds of the nongraduate terminees in the TY). This presents problems in analyzing appropriateness of service levels and types for young nongraduates, whose needs and circumstances make them quite different from both the adults without diplomas, who often have work experience, and from their peers who are still in school or have graduated and are better prepared for employment.

The issue of identifying youths between the ages of sixteen and twenty-one who leave school as a target group to ensure equitable service distribution was raised by the state's Program Review Commmittee during the TY, but it was dropped finally because of anticipated administrative tracking difficulties. To quote from a committee report to the state Coordinating Council, the problems identified included the following:

> Current Management Information Systems (MIS) reports do not restrict tabulation of school drop-outs only to those 16-21. . . . The [JTP] Act does not define the age category of a school drop-out. . . .[and] the Office of Civil Rights would need to be consulted to review whether the age inclusion in the definition could be perceived as discriminatory. . .
>
> [Report to the Illinois Job Training Coordinating Committee of a Program Review Committee meeting on 1/11/84]

Wary that naming a youth dropout target might cause undue administrative burden, state policymakers continue to avoid addressing head-on the employment problems of young nongraduates, many of whom are simply "checking out" of the labor force at a crucial stage in their transition to adulthood.

YOUTH SERVICE: PROBLEMATIC SPENDING TARGETS

The federally mandated youth spending target as a whole appears to be causing major concern among SDA administrators and some subcontracting agencies. In accordance with federal guidelines, approximately 40% of all program funds must be spent on service to youths between the ages of sixteen and twenty-one. During the first nine months of operation Illinois fell far short of this goal, with only 33% of its JTPA expenditures linked to youth service and only 37% of all positively terminated clients being youths—even given the more liberal definition of "positive termination" for youths, which includes placement in unsubsidized training, entry into the armed forces, return to full-time schooling, or a major gain in educational level. Service to youth was still behind plan for the Program Year (PY), though substantial improvements occurred, with 39% of funds going to youth service while 31% of the positive terminations were youths 21-years-old and under.

Put another way, only 62% of the youth positive terminations planned were achieved during the TY, and less than half the monies intended for youth service were spent. During the PY the spending figures improved; 77.5% of planned positive youth terminations were achieved, and slightly more than two-thirds of the monies designated for services to youth were expended [Basic Indicators Report IIA, 22 August 1985].

SDAs vary greatly in the proportion of youths they are serving and in the proportion of monies they are spending on youth services. Though almost all the regions showed underspending on youths, there are considerable differences in the percentages of planned funds spent across SDAs; these range from St. Clair County's low of 31.8% in the full program year to Danville's 102.4% [Basic Indicators Report IIA, 22 August 1985]. In the first nine months expenditures on youths were low in all the SDAs.

For example, during the TY in the Peoria SDA—which had one of the highest youth targets for positive termination (218 youths)—only 29 young people completed programs successfully, and only 38% of the planned youth monies were actually spent. These are disturbing figures for a county which had almost 700 young people leave high school without graduating during the same period [State Board of Education, 1985]. For the St. Clair SDA, which includes the black ghettos of East St. Louis and where a similar number of young people left high school without a diploma during 1983-84, the JTPA youth figures are equally low, with less than 30 youths completing programs with positive terminations and with roughly one-fourth of the planned funds for youths being allocated. For the first part of the PY, the targets for St. Clair have been drastically lowered, but spending was still far behind schedule at only 19% of plan for the first two quarters.

The PY figures show some clear—yet uneven—improvements in the number of youths served and dollars spent on youths in each SDA, as can be seen in Table 14.6. Programs in Peoria and St. Clair seemed to have finally gotten off the ground by January 1985, with 462 positive youth terminations in Peoria and 648 in St. Clair. Still, youth spending in these SDAs is well below target, especially for the East St. Louis region, which had an average cost per youth termination of only $849 compared to the statewide average of $2,972.

Though statewide spending per positive youth termination rose during the PY (and the target for such spending was adjusted downward), extreme variation existed among

Table 14.6

Comparison of Service to Youth in Transition Year and 1984-85 Program Year

	Transition Year		Program Year	
SDA	Percent planned dollars spent	Percent planned terminations achieved	Percent planned dollars spent	Percent planned terminations achieved
Lake	62	92	95	108
Rockford	35	60	97	93
S. Cook	76	67	102	127
N. Cook	62	75	55	73
Chicago	51	90	69	54
Peoria	38	13	57	65
St. Clair	27	42	32	93

Source: Basic Systems Indicators, IIA, 22 August 1985.

SDAs on this performance measure, with eight SDAs falling behind plan for spending per positive youth termination. Thus the general problem of underspending on youths was both one of low numbers being served and of insufficient spending per youth served or positively terminated. No other category of spending, except support services, was nearly so far behind plan, and the adult positive termination numbers (restricted to those who entered employment after training, unlike the more flexible youth definition) were consistently ahead of schedule.

THE DRIVE FOR JOB PLACEMENT: HOW APPROPRIATE FOR YOUTH?

Because at first reimbursements were largely tied to job placements, agencies were often reluctant to serve youths simply because they are more difficult to place than adults. Although continuing education could be counted as a positive termination for youths, the JTPA system strongly stressed job placement. As youth unemployment statistics suggested, and as many service agency directors remarked to us, few employers are eager to hire young people, especially when an adult can be found for the job. Youths are generally seen as less skilled, less mature, and less stable because so often they are not dependent on work income for support. As one Chicago agency director pointed out, the young people in his placement program "really need to be pushed to take their jobs seriously."

Though JTPA-eligible youths are generally less needy of steady income than their adult counterparts, many are glaringly in need of better basic preparation for the world of work. As Al Leavitt of the Department of Public Aid stressed in an interview [Leavitt, July 1985], training programs for young people on public aid in particular "MUST be preemployment training," since so many of these young people lack the most rudimentary communication skills and are simply "not socialized" for operating in our increasingly service-oriented economy.

Answers given by JTPA youth program directors to our survey questions regarding client needs indicate that these directors likewise emphasize the basic skills training needs of JTPA-eligible youths. When asked to rate how important various types of service are to the needs of their clients, nine out of eleven youth program directors interviewed (in Chicago, Rockford, and Northern Cook County) rated remedial education as "very important." The interviews were given with the understanding that the names of program officials would not be used. Only one of the agencies was providing this service under JTPA, so these responses were not merely self-congratulation. Eight of the eleven also rated "preemployment training" as very important. No such consensus emerged regarding the importance of specific vocational training, whether long-term or short-term.

Answers given to an open-ended question about youths' employment related needs show a similar pattern of emphasis, with six directors citing first the need for clients to develop better general behavioral skills and "work attitudes." References were made, for example, to young clients' shortcomings in regard to punctuality and reliability, in "relating to authority," in personal presentation and communication skills, in business dress and hygiene, in ability to manage stress, in problem-solving skills, and in motivation and self-esteem. The five other youth program directors focused on their clients' need for further basic cognitive skill training or "remedial education," with more emphasis on their need for actual skill improvement than for a diploma per se—though one director did stress the difficulty of getting employers to consider nongraduates for job openings.

ESTABLISHING YOUTH SERVICE PERFORMANCE STANDARDS

The most significant change in the state's youth program was not the increased spending during the 1985 program year, but the shift toward emphasizing youth competencies instead of job placement. When JTPA first went into operation the SDAs had focused on job placement as the first principal performance standard. However, as more SDAs have begun to establish youth competencies, the number of youth positive terminations increased dramatically within the last six months of the 1985 program year. While there had only been 3,352 positive youth terminations during the first nine months, that number had increased 2.7 times to 9,315 for the 1985 program year [Basic System Indicators, IIA, 22 August 1985].

SDA Inaction. JTPA policymakers have not totally neglected the difficulties presented by placement-focused contracting for services to youths. As mentioned, federal law identifies a set of "nonemployment" positive terminations for youths, which include placement in unsubsidized training, entry into the armed services, and achievement of a major "educational level," such as graduation from high school. Further, in an attempt to address the special situation of the least skilled young people, especially those in areas of high unemployment, regulations allow regional PICs to devise even more flexible indicators of "youth competencies" achieved and to work these indicators into alter-

Table 14.7

Youth "Entered Employment" and "Positive Termination" Rates Under JTPA Illinois, Transition Year

	Planned %		Actual %		No. SDAs below standard	Range of Variants
Statewide	PY		PY			
Youth PTR	68	72.5	65	72.5	17	37-86%
Youth EER	39	30.2	58	42.7	4	130-73%

Source: JTPA Basic System Indicators—IIA for Transition Year.

native positive termination definitions. For example, a PIC in one of the Chicago metropolitan SDAs has defined competency indicators focusing on participants' attendance and punctuality, job seeking skills, and interviewing skills. An administrator with the SDA pointed out that these measures were created specifically for their community-based organizations that were serving large numbers of nongraduates and less-skilled youth.

Initially most SDAs were slow to accept the extra burden (given to them by both the state and the federal government inaction) of developing flexible, specialized competency goals for hard-to-place youths. The state also offered minimal pressure or assistance on the matter. According to the administrators from the Department of Commerce and Community Affairs, the state's Coordinating Council had intentionally decided not to develop any statewide youth competency measures because it was unclear whether the state had the authority to do so. Instead it was left up to each individual SDA and PIC to decide whether to institute youth competencies [O'Brien and Whetstone, 22 August 1985].

Youth programs in the state have clearly geared themselves primarily for job placement and not for the general social and cognitive skill development that many of the eligible young people need more urgently. As Table 14.7 shows, for the TY the "entered employment rate" (EER) for youths was well over the target, yet the overall positive termination rate (PTR) was below plan, due to the low numbers of non-placement positive terminations. Only four SDAs were below target for their youth EER, yet seventeen were below target for their overall PTR. However, in the Program Year there was a slight increase in the rate of positive terminations while the percent of youths placed in jobs went down significantly.

Behind SDA's initial inaction on the youth competencies issue often lay a lack of commitment to the youth service goals in general. Several SDA administrators interviewed were disgruntled with the youth targets, maintaining that they are too high and represent a misplaced emphasis. Chris Stevens, Lake County SDA director, stated that she "doesn't agree philosophically" with the youth goals; she feels that JTPA dollars should go to adult services, as youths have other programs—school-connected and otherwise—that they can turn to.

Such a sentiment about youth services coming from an SDA director hardly sets the stage for the work of developing more flexible performance standards needed to guide programs for the least skilled young people. Rather, this minimizing of youth needs contributes to a pattern that one Chicago agency director described as an absence of innovative and workable programs for youths, causing SDAs to exhort all providers to serve youths and thereby causing agencies to try and "force young people through adult-oriented (i.e., placement oriented) programs." The related argument that youth have the schools to turn to for basic skill development assistance does not hold up well for nongraduates and other out-of-school youths. And then there are the failures of public education with the least skilled of the youth population. Who can help these young people who have fallen through a crack in the transition from school to work, if not the employment training program?

Service Provider Response: The Obstacle of Performance Contracting. From the high EER and low-cost-per-participant figures for youths, it might appear that agencies are operating cost-effective youth programs and are delivering a laudable service to needy young people—finding them jobs in a very tight youth job market. Another reading of this picture could interpret these figures to mean that, on the whole, SDAs are too often providing the most "efficient" youth services in order to cope with the pressures of JTPA's performance contracting system, which makes funding largely dependent on job placements. One finds many quick (generally two to three weeks in length) preemployment "training" programs leading to short-term placement in marginal youth-oriented jobs; moreover, the youths being served in these programs are often the most skilled of the eligible youth population—the least risky in terms of potential for positive termination and full agency reimbursement—many of whom might have found work on their own.

This narrow vision of youth service under JTPA is related to the problem of statewide underspending on youth. This minimalist approach to job training for youths leads to the perspective expressed by DCCA official Jose Limes, who remarked that youths "are cheaper to serve than adults." This premise was also argued by the Northern Cook SDA planners in their spending outline for the PY. The state's Program Review Committee rightfully questioned this defense of low spending targets for youth service, given the large numbers of unemployed young people who have serious skill deficiencies and are in need of intensive and costly basic training and remedial education to prepare them for productive employment.

Serving these least skilled young people—the most risky in terms of performance-linked agency reimbursement—must involve more than a brief workshop followed by attempts at job placement if any lasting benefits are intended. Al Leavitt from the Illinois Department of Public Aid questions whether we really know much about reaching and serving these young people who are most "left out"—economically, educationally, and socially—of mainstream society. He points out that these youths are "a very tough group" [Al Leavitt, July 1985] and suggests that innovative service approaches must be tried; however, such innovation is not likely under the placement-focused performance pressures of JTPA.

Many of the JTPA youth program directors interviewed also felt that the performance goals in place do not lead to, and sometimes interfere with, effective youth service. Though opinions about evaluating program performance based on placement rates are mixed, proportionately more youth program directors question its appropriateness, with five of eleven interviewed stating that they are "dissatisfied" with the policy. Only six of the twenty-one general program directors interviewed voiced dissatisfaction. In responding to five questions regarding emphasis on placement rates, youth program directors were more likely to agree with the critical statements and to disagree with the positive statements—49% of their fifty-five responses were critical—than were general program directors, 37% of whose ninety-five responses were critical (Table 14.8). In particular, eight of the eleven youth directors agreed that focus on placement rates "makes agencies strive for placement quantity at the expense of placement quality"; nine of the eleven felt that such focus "does not adequately consider how long a participant stays on the job where he or she was placed"; and five of the eleven agreed that the focus "leads to neglect of other services that the participants need."

Despite these objections to JTPA's focus on placement, there are indications that youth training agencies have felt obliged to alter their training programs to survive under the new structure. Directors of five of nine agencies with a history of operating employment training programs told us in interviews that they have changed their service emphasis because of the new stress on performance and placement. All said that they now provide more short-term preemployment "training" and job placement and less remedial education or vocational classroom training. One program had completely discontinued its remedial education services, one had ended its long-term classroom training program, and three were offering less of one or the other of these services. One Rockford placement program director expressed fear that rather than launching teens on "career paths," they were now merely fueling "cycles" of movement in and out of the secondary labor market, with little accumulation of skills occurring.

Yet one Chicago youth placement program director countered this concern in observing that, after all, job retention "is not what JTPA is about." Others who express their general satisfaction with the performance-contracting structure qualify their approval with objections to overly high wage quotas for youth placement; with concern that the drive for placement interferes with the training process; and with the suggestion that other indicators of program success should be looked at in addition to positive termination rates. One director specitically pinpointed the need for a "more sensible performance base," one that might stimulate and guide youth programs to address the more basic developmental needs of the least skilled young people. He argues that a "less truncated," more comprehensive strategy of service is required for these youths.

Other directors similarly stressed the need for a more "whole person" approach to serving hard-to-place youths, but expressed doubt as to the suitability of any kind of standarized, quantitative, performance-based contracting for such service. A director of a youth-serving agency in Chicago objected, for example, to the system's attempts at "neatly categorizing" the complex social problems represented among the least skilled of the poor, attempts that he believed are made in order to apply a corporate numbers-oriented reward strategy to a human service enterprise. He argued that government training programs "shouldn't be run like the private sector"; after all, they should be doing what the private sector can't do—investing time, patience, and expertise to train the least employable of the eligible youth population. His feeling was that "hysteric" emphasis on quantifiable goals distorts this slow and difficult process.

This youth program director and several others advocated a return to the grant system, with grants carefully awarded and monitored—with quantitative and qualitative criteria—by professionals (they criticized bureaucratic middle people trying to "cover themselves") who were involved in the intitial selection of grant recipients. The suggestion stems in part from a feeling that an element of trust and cooperation between SDA

Table 14.8

Opinions About the Effects of JTPA's Focus on Placement on Placement Rates (Results of Interviews with Program Directors in Chicago, Northern Cook, and Rock River SDAs)

Focus on Placement Rates:	General program directors (N=19)	Youth program directors (N=11)
Makes agencies work harder		
Agree	17	8
Disagree	2	3
Leads to neglect of other services		
Agree	8	5
Disagree	11	6
Leads to emphasis on quantity over quality of service		
Agree	10	8
Disagree	9	3
Makes agencies more accountable		
Agree	15	9
Disagree	4	2
Ignores the question of job retention		
Agree	11	9
Disagree	8	2
Total no. of responses	95	55
Total "negative effect" responses	35	27

Note: Figures are the results of interviews with program directors in Chicago, Northern Cook, and Rock River SDAs.

administrators and contractors needs to be restored to the implementation process. Three program directors complained specifically about the "distrustful relations" and "uneasy peace" that exists between SDA personnel and service providers under the JTPA structure. As one Chicago youth program director pointed out, trying to prepare unskilled young people for employment is difficult and not highly rewarding work, and there is much staff turnover in the field. An emphasis on bottom-line figures, with the accompanying accounting and reporting requirements, ignores basic differences between the dynamics of private business and nonprofit human service work, implies distrust of service providers, tends to demoralize program staff, and thus doubly works against the participants' interests by driving workers with experience from the profession as well as stimulating programs to provide the most minimal and cost-effective (in the short run) services.

SELECTIVE ENROLLMENT IN YOUTH PROGRAMS

Evidence suggests a combined preoccupation with performance goals (read placement goals) and selective enrollment of the more job-ready youths among the agencies surveyed in Chicago, Rockford, and Northern Cook County. Of the nine program directors interviewed who had previously offered services under CETA, four stated that their agencies are serving fewer youths than adults under JTPA—despite the emphasis on the youth target; three claimed to be serving fewer clients who have language problems; and two said they are serving a relatively higher proportion of high school graduates under JTPA.

Eight of the eleven directors interviewed who were running programs primarily serving youths stated that the performance goals in place under JTPA were forcing them to serve the "cream" of the eligible youth population. These comments were offered in response to open-ended questions asking respondents to identify the strengths and weaknesses they see in the JTPA program. Most see this selectivity as a flaw in JTPA. One Chicago program administrator observed, "the kids most in need get passed over." Similarly, another director commented that his agency "is not serving who we really want to serve" and that by working with the easiest-to-place youths, they are "not really serving this community [an isolated low-income neighborhood, primarily Hispanic]." A Rockford training program director argued that performance contracting "penalizes" an agency for "serving people who have problems." Consequently, he admitted that his programs were now "choosing participants more carefully." To select successful trainees, several of the youth placement programs required that applicants pass basic reading and math tests before they are enrolled. The director of one such program in Rockford found that "almost 50% of the applicants can't meet this entrance requirement because they are so lacking in basic skills, especially math skills." Those who fail were not permitted to enter the program.

While most of these eleven directors express frustration at not being able to serve the most needy young people because of placement-focused performance pressures, some have made their peace with the JTPA structure. As the director of a large multi-service Chicago contractor bluntly observed, JTPA simply "is not designed to serve the hard-core unemployed." This same director maintained that most youths are "not interested in working," making it difficult to enroll and keep youths in programs which aim at job placement terminations. An administrator of another comprehensive Chicago program claimed that the federal youth target is "preposterous" and that service agencies shouldn't even be trying to reach young people, since they are not usually "willing to put forth any effort" at bettering themselves until their mid-twenties. This agency requested that the SDA refer to them only young people who have a diploma or GED; the director argued that it is not the program's responsibility to try to "clean up the mess of public education." This attitude is widespread in the JTPA system.

The fact that the local SDA intake staff largely ignores this program's request for such screened referrals (according to the director) suggests some push—whether stemming from policy or from sheer demand for services—to provide service for whomever meets the basic eligibility requirements and to counter the agencies' impulses to be selective. A similar tension was depicted by a program director in Rockford, who didn't want to enroll "anybody and everybody" but was fought on this point by the local SDA staff, who he referred to as "holdovers from CETA."

Clearly there are confusing crosscurrents among service delivery personnel as to whom JTPA should be serving among the eligible youths and between the youth and adult populations in need. These tensions are fueled by the structural requirements of a performance-based contracting system that makes placement the only cost-effective termination (from the agency's perspective), a situation created in part by SDA disinterest in defining more flexible performance measures for youth programs.

LARGER YOUTH SERVICE PATTERNS AND DATA LIMITATIONS

What is the general pattern of youth programming under JTPA that emerges from statewide statistics, given the structural incentives for job placement terminations? Are quick preemployment workshops for job-ready youth the norm? An analysis of youth participant distribution across different program types throughout the state actually shows considerable variation in youth enrollment and positive termination percentages according to program type. As Table 14.9 illustrates, 40% of the youth participants in the PY were in classroom training. There has been a significant decline in the percentage of youths found in "job service" programs from 30% during the first nine months to only 17% in the Program Year. Almost one-fourth of the youths were in "exemplary youth" programs, with the rest in OJT and work experience programs.

Summary. JTPA aims (on paper) to serve those with "special needs" for employment and training assistance. Among youths, those most in need are minority youths, especially the large numbers of minority youths who have left high school without graduating. Though JTPA programs in Illinois appear to be serving a substantial proportion of black youths, Hispanic young people are less represented in the figures. More importantly, JTPA is not reaching many young dropouts, nor do targets exist for serving young dropouts as distinguished from nongraduates in the general population.

This raises the question of whether or not the most needy youths are being served. Our own survey of youth program directors indicates that with the switch to performance contracting, there is a trend toward enrollment of the more skilled and employable of the eligible youths over those who would pose more risk in terms of successful termination and connected agency reimbursement.

Employers—especially in the private sector—are reluctant to hire young people in general and unskilled young people in particular. Conversely, the latter are often in need of intensive training in the most fundamental social and cognitive competencies, if they

Table 14.9

Youth Participants by Program Type

Program	Participants	Percent of Eligible	Percent of Participants
Academic	1,859	12	8.7
Vocational	6,775	33	31.9
Job Service	3,536	20	16.6
On-the-Job	2,574	15	12.1
Work Experience	1,284	10	6.0
Exemplary Youth	5,178	28	24.4

Source: MIS II Participant Characteristics Report

are ever to obtain gainful, steady work. Performance contracting, based primarily on the number of private sector job placements a program achieves, is thus inappropriately narrow for agencies working with the hard-to-employ youths. The performance base for such programs should include recognition for participants' gains in basic work-related skills and behavioral patterns. The appearance of youth competency measures (other than employment) in many of the SDAs is an appropriate response to the special training needs of youths, though these measures were slow to emerge under the state's laissez-faire approach to the matter.

Chapter Fifteen

Dislocated Workers

Alongside the major training program targeted to the poor, JTPA established a separate Title aimed specifically at dislocated workers. Instead of using income as the criterion for admission, this Title requires that participants be the victims of a layoff or plant closing or have been unemployed for a lengthy period of time with little chance of finding employment in the same occupation or industry. Unlike the major training programs aimed at the poor, Title III carries no requirements to provide service to disadvantaged segments of the unemployed population. The Title was designed as a response to the large scale economic dislocations that sent unemployment levels in the Northeast and North Central states to record heights for the post World War II period. Large numbers of what had been stable, well-paid manufacturing jobs disappeared permanently within the space of a few years during the early 1980s. Of the 5.1 million displaced workers who lost their jobs between 1979 and 1984, almost half or 2.5 million had been employed in manufacturing industries [U.S. Department of Labor BLS Report on Displaced Workers 1984].

The Dislocated Workers' Program forms the upper tier of training programs within the present JTPA system. The total number of Illinois participants in Title III during the 1984-85 program year was 13,800 which is less than one-third the number of people in Title IIA, the basic JTPA program. This represents a small portion of the 182,360 workers laid off in Illinois during 1983 and 1984 alone. However, the people who went into the Dislocated Workers' Program were significantly different from those in IIA. In Illinois, two-thirds of the people served were men and three-fourths were white. Blacks made up only 19% of the dislocated worker participants, Hispanics only 6%. Only 16% were high shool dropouts, while 61% of the participants were not economically disadvantaged. Table 15.1 shows the contrast between the kinds of people being served by each program during 1985.

The percentage of males in the two basic JTPA programs combined exceeded the highest percentages for males ever attained under CETA (see table 6.10). The percentage of whites in the combined program is only .5% less than the highest percentage ever reached under CETA. At the same time, blacks, Hispanics, and dropouts stand below the lowest percentage ever reached under CETA. Adding Title III to the job training system has significantly shifted the types of people being served by federal job programs toward more advantaged sectors of the population who face fewer barriers to reemployment.

The participant mix of the Illinois program is not unlike that reported nationwide by the Department of Labor. Nationally, 62% of the Title III participants were men, 70% were white, 22% were black, 6% were Hispanic, and 80% were high school graduates

Table 15.1

Participant Characteristics for JTPA Title IIA and
Dislocated Workers Programs
Percents

Characteristics	Title II A	Dislocated Workers	Total
Male	50.7	67.0	54.2
Female	49.3	33.0	45.8
White	46.2	74.0	52.3
Black	41.9	19.0	37.0
Hispanic	9.8	6.0	8.9
H.S. Dropouts	24.9	16.0	23.0
Youth	43.5	02.0	34.3

Source: MIS Reports: Basic Systems Indicators for IIA and III, July 1984 to June 1985.

[U.S. Department of Labor, Summary of Jobs Training Longitudinal Study Data, September 1985].

When asked to explain the reasons for the high percentages of whites and males served by the Dislocated Workers' Program, several program administrators replied that these numbers are representative of the total dislocated worker population in the state. According to the figures published by the Bureau of Labor Statistics, nationally men composed 65.4% of the workers dislocated between 1979 and 1984, whites 86.3%, while women composed 34.6%, blacks 11.8%, and Hispanics 5.5% [BLS Report on Displaced Workers 1984: table 1]. Similar figures on job losers in Illinois for 1983 alone show that 67% were men, 76% were white, and 22% were black [BLS Geographic Profile of Employment and Unemployment 1983].

These figures inadequately capture how dislocation affects different population groups in the labor market. The massive loss of manufacturing jobs has created a chain reaction of downward income mobility that has an ultimate effect far beyond the manufacturing sector in which it originates. Many older, white, skilled workers who lost long-held, high-paying, unionized jobs, were forced into small nonunion plants where wages were sometimes only half of their previous earnings. Younger, less-skilled workers were often forced out of industrial jobs altogether and have had to search for employment in the fast growing service industries as janitors, security guards, or cooks and waiters. A study done of workers laid off from the United States Steel South Works Plant in Chicago in 1981 found that 41% of the skilled workers who were reemployed at some time since their layoff had found jobs as skilled craftsmen. In contrast, the majority of production workers who had found new jobs either worked as laborers or in the service industry [Julie Putterman 1985].

Table 15.2

Length of Unemployment by Race and Sex, 1982
Percents

Characteristics		Length of Unemployment	
	Total	15 wks and up	6 mos and up
White	77.2	74.9	72.7
Men	45.4	49.3	49.2
Women	31.8	25.6	23.5
Black	20.1	22.8	38.1
Men	10.9	13.6	24.1
Women	9.1	9.2	13.9

Source: Handbook of Labor Statistics, U.S. DOL, December 1983: 81-82.

For many minorities and women the situation has been even more difficult. They were usually the first to lose their jobs when layoffs began since they had the least senority and often the lowest skill levels. Blacks entered industrial jobs in larger numbers following the Civil Rights Movement of the 1960s. In many cases, they had not accumulated the seniority necessary to obtain more skilled jobs in the plants. The result has been much longer periods of unemployment for black workers who are laid off. The same study of South Works workers found that while 32% of the whites remained unemployed three years after losing their jobs, 62% of the blacks and 46% of the Hispanics were still without work. Department of Labor data on long-term unemployment shows that blacks make up an increasing proportion of the unemployed as the duration without a job increases.

Table 15.2 shows a decrease in the percentage of whites unemployed as the duration of unemployment increases. However, there are almost twice as many blacks among the long-term unemployed as there are blacks among the total unemployed population. Particularly affected are black men whose percentage of long-term unemployment is more than twice their percentage among the total unemployed population. Even as the economy improved following the 1981-82 recession, nonwhite unemployment in Chicago was 2.5 times higher than that of whites. This gap was larger than during any previous recession [Wendy Wintemute, April 1984]. The relative access of blacks to job opportunities was shrinking, in part because of the increasing distances between centers of employment growth and black residential areas.

Dislocated Workers

The effects on those women who gained employment in industrial jobs during the 1960s and 1970s has been similar. Nationally, the steel industry, which employed 14,500 women in 1979, now employs less than 3,000. Female membership in the United Auto Workers Union has dropped by one-third in four years. "Generally these women have suffered a far steeper fall than their male counterparts. It takes them longer to find new employment. And, instead of bumping down the economic ladder a rung or two to semiskilled industrial jobs, the women are usually forced to return to low-wage 'pink-collar' sales and service jobs" [Wall Street Journal, 6 March 1985]. A case study of 334 workers who lost their jobs four years ago at the Robertshaw Controls thermostat plant in Pennsylvania found that only 15% of the women regained jobs as factory operators, compared with 47% of the men. Approximately 70% of the women found jobs in sales and service occupations where they earned 38% less than they did as factory workers. More than a third of the women worked only part-time at minimum wage jobs while only 15% of the men worked part-time [6 March 1985].

During the first two years of Title III in Illinois, the Department of Commerce and Community Affairs had issued three sets of eligibility requirements for the program. In June of 1984, DCCA adopted eligibility requirements for the program that go beyond the unclear and very general guidelines provided by the Act itself. They stipulated that participants must have been laid off within the past five years while working for either the same employer or in the same occupation for the last three years or in a series of occupations that had a growth rate below the average growth rate for the state. The present requirements stress workforce attachment, which further screens out many minorities and women from participating in the programs. Individual Dislocated Workers' Centers have still additional entrance requirements such as the Rock Valley Community College which requires that all Title III participants have completed high school.

Although anyone who has become unemployed within the last five years as the result of a layoff or plant closing is eligible to enroll in Title III, the majority of participants have only recently been unemployed. During the six months from July 1 1984 through December 31 1984, only 28% of the Title III participants were classified as long-term unemployed. Fifty-two percent of the participants were still receiving unemployment compensation, which is above the statewide percentage of 40% of unemployed receiving unemployment benefits. The program is unsuccessful in reaching those long-term unemployed workers who face the most difficulties in returning to their former occupations.

Since Title III legislation does not obligate the centers to specifically serve subgroups of dislocated workers, the centers do not target their recruitment policies and programs to the workers with less skills and education who may need additional assistance in order to reenter the workforce. Since JTPA defines the eligible population as anyone laid off due to reduced production or a plant closure, technically each and every employee from management down to blue collar and clerical workers can be recruited into the program. Claudia Smith, director of the DWC at Triton Community College, admitted that since it is "not the responsibility of Title III legislation to target to minorities or females" her center targets its recruitment policies to all dislocated workers and "not subsets" of dislocated workers [Smith, 14 June 1985]. The director of the Moraine Valley Community College Dislocated Workers Center also makes "no special effort to target to particular groups of workers" [Conraith, 7 June 1985]. At the Du Page County DWC, the director said that the predominantly white male dislocated workers being served by the centers are the ones who could probably find jobs anyway [Nelson, 30 January 1985].

OPERATION OF TITLE III IN ILLINOIS

The Department of Commerce and Community Affairs operates the Dislocated Worker Program through nineteen service centers throughout the state. Local community colleges were awarded contracts to administer fifteen of the nineteen centers. Only the Chicago program is administered directly by the SDA staff. Funding for the program is provided jointly between the Department of Commerce and Community Affairs and each individual center. DCCA funded each center at an annual base level of $500,000 until 1986 while each center was responsible for matching a percentage of that amount. The match, determined by DCCA, was usually an in-kind contribution to the center in the form of salary for the staff, cost of operating the facilities, etc. The centers initially had to show on paper a commitment to the program of 50%, or $250,000. The match increased to 60%, or $300,000, by July 1984 and 80%, or $400,000, by July 1985.

Throughout the state, the Dislocated Workers Centers spent only 80% of their available funding for the first full year of operation. This was considerably better than the spending record in any other state.

Table 15.3 shows a considerable range in the percentage of total funds spent by the sample DWCs. There was also a substantial variation in amounts spent per participant and for each job placement as well. The Chicago Dislocated Workers' Program reported the highest average rate of spending per participant and job placement. Their cost per job placement was almost twice their planned expenditure while all but one of the other DWCs spent at least 30% below their planned costs per placement.

The centers can only serve a limited number of dislocated workers and offer limited training with an average staff of eight to ten full-time employees and a cost per participant of $688. With an average cost per job placement of $2,016 and an allotment of $500,000, each center could at most secure jobs for 248 participants.

Until Title III was established, there wasn't a need to identify the dislocated worker population, thus Illinois was not prepared with a formula or the resources to accurately measure the size and identify the unique characteristics of the dislocated worker population. In the past, an accurate method of calculating the dislocated worker population and identifying its characteristics would have been to ask unemployment insurance claimants their specific reason for being laid off [Reynolds, 7 June 1985]. However, today many unemployed no longer are UI claimants. As of March 1985 only 40% of the unemployed in Illinois received unemployment insurance benefits. Therefore, unemployment insurance data are an increasingly inaccurate measure of the number of dislocated workers.

In 1982, Christopher Reynolds, a research economist from the Research Office of DCCA, attempted to calculate the size of the dislocated worker population by county. Mr. Reynolds admitted that his calculations, which were the best that he could do with the resources available, do not include all the dislocated workers [Reynolds, 7 June 1985]. Based on unemployment insurance claimants drawing benefits for fifteen weeks or more and previously employed in the manufacturing industries, Reynolds' figures exclude those dislocated workers who have exhausted their unemployment benefits, who had not yet reached fifteen weeks at the time of the calculation or are from nonmanufacturing industries. Also, since the Department of Employment Security does not break down the claimants drawing benefits for more than fifteen weeks by race and sex,

Table 15.3

Dislocated Workers' Centers Funding

DWC	Percent of Dollars Spent	Cost per Participant	Cost per EER
Statewide	80.4	$688	$2,016
Du Page CC	80.8	$686	$2,232
Ill. Central	83.4	$451	$1,681
Joliet JC	99.0	$521	$1,424
Moraine Valley	99.1	$745	$2,257
Richland CC	91.4	$734	$1,763
Rock Valley	93.0	$1,003	$2,574
Triton	55.0	$542	$1,332
WCI Bldg & Trades	100.0	$421	$1,292
Chicago MET	70.0	$1,200	$5,340

Source: Basic Indicator Report, Title III, 24 July 1985.

Reynolds' calculations do not show the racial and sexual composition of the dislocated workers. They fail to reflect the complex population makeup of the dislocated workers; at best, these statistics are rough estimates.

Furthermore, Reynolds' calculations haven't been updated since 1982, when the Department of Employment Security ceased to send DCCA the quarterly tapes of the unemployment insurance claimants broken down by race, sex, geography, and previous industry. Reynolds was trying to negotiate an "interagency agreement" with the Department of Employment Security for the release of these tapes in mid 1985 [Reynolds, 7 June 1985].

Nevertheless, the figures that Reynolds calculated in 1982 are the figures that DCCA sent to the centers for the directors to base their enrollment, termination, and placement projections on. As a result, planning at the DWC is based on an inaccurate and outdated data base. The directors are underestimating the population of dislocated workers in their counties and do not have any notion of the racial and sexual composition of the targeted population. According to Reynolds' formula, there were only 37,790 dislocated workers in the state of Illinois in 1982 [Reynolds 1982]. But between 1980 and 1982 alone Illinois lost 140,000 blue-collar jobs, not including nonmanufacturing transportation operator positions [Calculations from Geographical Profile, 1980 and 1982].

IS ILLINOIS SERVING ITS CLIENTS EFFECTIVELY

In theory, the dislocated workers' program is designed to provide for skills upgrading to allow formerly stable workers to enter into new growth areas of the economy. However, much of the training provided cannot prepare workers for such a dramatic transition, since it consists of resume writing and job interview skills. However, these kinds of training result in training costs for each successful job placement that are less than half of the adult cost in Title IIA ($2,016 compared to $4,150).

The goal of unemployment and training programs is employment of their clients. Yet only 49% of participants completed the training programs statewide. In Illinois 70% of those terminated entered unsubsidized employment. Translated into numbers of displaced workers, only 4,657 or 34% of the 13,657 participants secured jobs during the first full year [Calculations from Geographical Profile, 1980 and 1982]. Table 15.4 shows the termination and job placements rates of the sample Dislocated Workers Centers.

Table 15.4 shows that in most of the sample DWCs roughly half of all participants completed the training while only approximately one-third of all participants actually find jobs after completing training. In Chicago close to two-thirds of all participants completed the training while only 23% of all participants found jobs. Chicago had the lowest job placement rate per termination of all the sample DWCs.

Two questions arise when examining the data from the Dislocated Workers' Centers. Are the centers' retraining and job search assistance programs improving the employability of their clients? Are the centers' recruitment and processing practices conducive for participation by all displaced workers? To answer these questions, the services and programs offered by centers and their channeling process will be examined. Since the center in Chicago is administered by the Mayor's Office of Employment and Training (MET), instead of by local community colleges, it will be treated separately.

COMMUNITY COLLEGES: SERVICES

The services and programs the centers offer are classified into three broad categories: on-the-job training (OJT), vocational and academic training, and employment and training services which involve resume writing or interview skills. What services and programs each center offers and emphasizes depends on the individual center's policies. In terms of improving the employability of their clients, the centers feel that OJT and long term vocational training are the most effective; OJT because the participants are actually working for an employer and vocational training because it could teach the skills and work habits necessary to adapt to the new job environment. Table 15.5 shows the percentage distribution among program types for all participants who are reported as having been in one of these categories.

The Dislocated Workers' Centers statewide placed an average of 78% of their participants into either the vocational training or employment and training categories.

Table 15.4

Termination and Job Placement Rates for Sample DWCs

DWC	Terminations as % of Participants	Job Placements as % of Participants	Job Placements as % of Terminations
Statewide	49	34	70
Du Page CC	53	31	58
Ill. Central	39	27	69
Joliet JC	47	37	78
Moraine CC	52	33	64
Richland CC	57	42	74
Rock Valley	52	39	75
Triton CC	58	41	70
WCI Bldg & Trades	56	33	58
Chgo. MET	63	23	36

Source: Basic Indicators Report, Title III, 24 July 1985.

Statewide, the number of participants who received short courses on resume writing and interview skills was almost as great as those involved with vocational training. The majority of the sample DWCs placed very few people into academic training, the exception being the Illinois Central Community College which placed a third of its participants into academic training. Three of the sample DWCs, Du Page, Rock Valley, and Chicago, had no one enrolled in academic courses. There is a substantial range in the percentage of participants who are placed into OJT, running from 0.2% up to 34% with the statewide average being 15%. The large variation in the numbers of participants placed into both academic and OJT positions indicates there is little consensus on the current purpose of those kinds of programs within the system.

Some administrators have explained the high percentage of Title III participants who receive only short courses on resume writing and interview skills by the fact that many dislocated workers already possess marketable skills but lack the needed confidence in going out to apply for new jobs. Others have said that the small amount of funding available leads trainers to institute low cost programs such as employment and training.

Table 15.5

Distribution of Participants Among Programs
Percents

DWC	Academic	Vocational	OJT	Employment & Training
Statewide	7	40	15	38
Du Page	0	44	0.2	56
Ill. Central	33	52	7	8
Joliet CC	2	57	6	32
Moraine	7	36	0.8	57
Richland CC	0.9	26	19	54
Rock Valley CC	0	27	30	43
Triton CC	7	42	0	50
WCI Bldg & Trades	2	4	34	61
Chgo. MET	0	10	27	63

Source: Basic Indicators Report, Title III, 25 July 1985.

However, in looking over the cost per participant in each sample DWC, there is no clear relationship between costs and program mix (see Table 15.6).

Both the DWC with the lowest cost per participant and the one with the highest cost per placement had at least 60% of their participants in low cost employment and training programs. Illinois Central, which has the largest percentage of people receiving academic training, has the second lowest cost per participant. Joliet, which has over 50% of its participants in vocational training, has the third lowest cost. In contrast, the two DWCs with the highest costs, Chicago and Rock Valley, place more participants into very short resume writing classes sometimes followed by OJT positions.

Looking at the job placement rates, there is a clear relationship between the percentage of terminees who find jobs and the program mix. The four DWCs with the lowest placements rates (Chicago, WCI Building and Trades, Du Page, and Moraine) all have at least 56% of their participants receiving only employment and training classes. Those DWCs with the highest placement rates (Joliet, Richland, Rock Valley, and Triton) either place greater emphasis on vocational training or else do more employment and training but still have a sizable number of people in either vocational training or

Table 15.6

Costs per Participant, Job Placement Rate, and Program Mix

DWC	Dollars per Participant	EER	Program Mix
Statewide	$688	70%	50/50 voc. & E&T, 15% OJT
Du Page CC	$686	58%	Near 60% E&T, rest in voc.
Ill. Central	$451	69%	50% voc., 30% academic
Joliet JC	$521	78%	over 50% in voc., 1/3 E&T
Moraine CC	$745	64%	over 50% E&T, 1/3 voc,
Richland CC	$734	74%	over 50% E&T, 26% voc, 19% OJT
Rock Valley CC	$1,003	75%	43% E&T, 30% OJT, 27% voc.
Triton CC	$542	70%	50% E&T, 26% voc. 7% acad.
WCI Bldg & Trades	$421	58%	60% E&T, 1/3 OJT
Chicago MET	$1,200	36%	63% E&T, 27% OJT, 10% voc.

OJT. Illinois Central, which has one-third of its participants in academic training, has a job placement rate only slightly below the state average.

ON-THE-JOB TRAINING

OJT slots, which have the highest entered employment rate of all the services provided by the centers, are contracted out by the centers to local businesses. These private businesses have final say on which participants they will accept for OJT positions. DWC administrators admitted that private employers would select the most "job-ready" clients, those with considerable skills and a stable work history, which often excluded women and minorities from these positions. OJT is attractive and successful because participants are trained in an actual working environment and receive a reasonable wage at the same time. Central Illinois Retraining and Assistance Center, for example, refuses to write OJT contracts for under $5.00 per hour [Woodard, 25 January 1985]. OJT training comprises only 15.6% of the total training provided by the centers we examined [DCCA Report No. 108, 1 July 1984 to 31 December 1984]. Of the three types of training, participants in OJT have the highest termination or completion rate of 60.9%, compared to 23.9% for vocational training and 26.7% for academic training [Calculations from DCCA Reports Nos. 108, 104 and 106, 1 July 1984 to December 31 1984]. In five of the nine centers that offered OJT, the average job placement rate for terminated participants was 90.6% for the period between July 1984 and December 1984 [Calculations from DCCA Report No. 106. 1 July 1984 to 31 December 1984].

Unfortunately, even if centers like Richland wish to emphasize OJT, it is difficult for the centers to find enough OJT slots for their clients [Motor, January 1985]. Because of the negative stigma that job training had under CETA, many employers are hesitant to cooperate with Title III by supplying OJT positions, even if the centers subsidize half of the wages. Also, due to the expensive nature of OJT, centers cannot afford to pay for many OJT slots.

OJT is essentially a subsidy to private business to hire the unemployed. However, there is no evidence that the subsidy results in employers giving jobs to kinds of people who would not have received them without the subsidy. It is also unclear that the subsidy actually creates jobs that would not otherwise exist as some administrators have argued.

CLASSROOM TRAINING

In providing classroom training, most of the centers emphasize vocational instead of academic training. Statewide, 40% of the participants were in vocational training, as compared to only 7% in academic training. According to the data, only three of the nine centers (Joliet, Illinois Central College, and Richland) offered any academic training. This is the result of the emphasis on providing job-related training that will immediately lead to reemployment.

Since most centers stipulate that vocational training must be offered in an occupation that has at least a 2% projected growth rate in Illinois, theorectically vocational training would lead to placement related to training. The center at Illinois Central College specifically has a policy that forbids the offering of any course in an occupation that has less than a 2.1% per year growth rate determined by IBES' ten-year projections [Siepert, 25 January 1985]. However, several of the DWC and SDA administrators interviewed felt that the state's projections do not accurately reflect the potential areas of job growth in their region since the figures are only available at the state level. Therefore, policies tying courses to growth projections may lead to local growth industries being overlooked. Furthermore, since most job growth is occuring in the service sector, it means that industrial workers are being trained to accept downward mobility into low paying jobs rather than upgrading industrial-specific skills that dislocated workers had already acquired from their previous jobs.

Longer programs offer more substantial training, allowing participants to become more competitive in the changing job market and at the same time increase their earning power. On the other hand, the short-term programs, such as bartending, Typing I, and Bookkeeping I, which usually last between five and fifteen weeks, are designed to introduce the basics to the participants. Since the state has a one-year limit on all training programs and short-term training is less expensive, many of the centers opt to provide primarily short-term introductory programs instead of the more effective long term training programs. One year may be too little time to train adults without basic skills. The centers' vocational training programs are not reaching their potential and only have an entered employment rate of 62.7%, compared to 90.6 of OJT [Calculations from DCCA Report No. 106, 1 July 1984 to to 31 December 1984]. According to Gill Siepert, director of the center at Illinois Central College, graduates of short-term training programs do not obtain the necessary skills to adapt to the new technologically oriented jobs, such as computer assisted manufacturing and robotics [Siepert, 25 January 1985].

Even though 83.2% of the participants between July 1985 and March 1985 had at least a high school education, academic training would be needed to enable most displaced workers "to enter the . . . fast changing, high-technology industries" which require "greater versatility in mathematics and language" [DCCA Report: Basic Indicators, 1 July 1984 to 31 December 1984; New York Times, 26 April 1982]. According to Siepert, most of the displaced workers do not possess basic mathematical and English skills, even those who graduated from high school, due to the poor state of public education [Siepert, 25 January 1985]. In addition, Conraith felt that since most blue-collar occupations do not utilize "basic math, reading and writing," the skills learned in high school are often lost [Conraith, 7 June 1985].

Displaced workers who have been out of high school for a long time and who do not have mathematical and language skills equivalent to the high school level would have "difficulty with the course work" in any classroom training [Conraith, 7 June 1985]. However, few centers offer remedial education for those participants who scored low on the basic skills test and do not qualify for vocational training. Only four of the nine centers studied offered remedial GED training, serving a total of only 53 participants.

EMPLOYMENT AND TRAINING SERVICES

Employment and training services, usually lasting one week, assess the participants' "employability"; provide career counseling and support; develop job search skills for participants such as resume writing and interviewing techniques; and assist in job hunting, providing the support, encouragement, and guidance that displaced workers may need in order to reenter the workforce. They are not designed to enhance the "employability" of the displaced workers. Used by themselves, these programs have an entered employment rate of only 31.8%. But once displaced workers have participated in other training along with employment and training services, the entered employment rate improves to 68.2% [Calculations from DCCA Report No. 106, 1 July 1984 to 31 December 1984].

However, because of its economical nature, the centers stress employment and training services. Almost half, 46.5% of all the terminated participants were exclusively or mainly in employment and training programs while participants in OJT or classroom training also receive employment and training to enhance their job search.

COMMUNITY COLLEGES: CHANNELING

Even though each center has different policies regarding outreach, supportive services, and matching participants with programs, these policies generally screen out the less skilled and less educated displaced workers, who are generally minorities and females.

The community colleges' outreach programs consist mainly of recruitment at local plants. When a major plant announces that it is closing or reducing production, the centers arrange pre-layoff programs to assist the potential displaced workers. A staff member from a local center explains the Dislocated Workers' Program to the potential displaced workers and at the same time does intake. Some plants allow the centers to hold training classes and job search assistance in the premises after working hours or even during working hours. For example, AT&T allowed the Triton Dislocated Workers' Center to hold training classes before AT&T laid off 3,000 employees [Smith, February 1985]. Plant officials also refer their employees to the centers for assistance. Since large numbers of potential displaced workers are already gathered in one location, recruiting directly in plants that have scheduled massive layoffs is very cost-effective.

Some centers do additional advertising through television, radio, and newspapers to reach a broader group of dislocated workers. The directors agree that advertising has significantly increased the numbers of participants. Conraith attributed "exceeding [his application and enrollment] goals" to the radio campaign sponsored by his center, Moraine Valley, along with neighboring centers, Triton and Du Page Conraith, 7 June 1985]. In addition to advertising, the center at Richland Community College uses gimmicks such as digital clocks, posters, and plaques to encourage participation [Motor, January 1985].

The heavy emphasis of outreach directly to plants that have announced layoffs or shutdowns can be effective in quickly channeling workers into the programs. However, in doing so it shifts the program away from serving the long-term unemployed who have lost any attachment to a particular place of employment.

The centers' recruitment policies attract mostly white and male dislocated workers who are educated and experienced with a stable work history. Data for the nine centers showed that between July 1984 and December 1984, of all the applicants, 65.5% were white, 65.1% were male, 74.2% had at least a high school education and 29.9% had some post high school education [DCCA Report No. 202, 1 July 1984 to 31 December 1984]. As mentioned earlier, these displaced workers are the ones who could more easily secure jobs on their own. Since the centers' outreach programs do not target to subgroups of displaced workers (which the centers are not required to do), many minorities and females never even reach the doors of the centers due to lack of awareness of the Dislocated Workers' Program and encouragement to participate. During that same time period, 34.9% of the applicants were female, 27.8% were black, 4.6% were Hispanic, and 15.7% did not complete high school [DCCA Report No. 202, 1 July 1984 to 31 December 1984].

SUPPORTIVE SERVICES

The centers we studied do not offer stipends, only vouchers for transportation and day-care services. This lack of supportive services reflects the directors' belief that most of the participants are on unemployment compensation and thus do not need additional financial or in-kind support [Conraith, January 1985]. And according to Ms. Smith, the participants do not take advantage of the vouchers and/or services because they are too embarrassed and proud to receive "handouts" [Smith, February 1985]. She had to cancel the day-care service at her Triton center due to lack of usage. Only three to four participants took advantage of the service.

Even though the centers could spend a maximum of 15% of their budget on supportive services, during the second half of 1984 the centers spent only 54.6% of the planned amount which was 4.7% of the actual budget on support services [DCCA Report: Basic Indicators, 1 July 1984 to 31 December 1984].

Contrary to expectations, however, 42.7% of all the applicants enrolled during that period had exhausted their unemployment compensation benefits. Without stipends, clients who have exhausted their unemployment benefits cannot afford to participate in desirable long-term training. As Ms. Smith noted, for this group, "training isn't an option" [Smith, February 1985]. Most likely, this group would end up in short-term resume writing and interview training programs.

MATCHING CLIENTS WITH PROGRAMS

In the process of matching the qualifications and skills of the enrollee after he has been determined eligible with the programs that the centers offer, the least educated and skilled—usually black, Hispanic, and female—of the enrolled are further filtered out in a pool of already educated and skilled males and whites. Preenrollment tests, usually in language and math analyses, which the centers use to assess the qualifications and skills of the participants single out the "cream of the crop" for the desirable programs such as OJT and vocational training. In Rockford, those who failed the preenrollment test do not qualify for the program and they can only retake the test once [Wilhelem, 25 January 1985].

In the case of OJT, the most attractive and sought after of all the programs the centers offer, the centers prescreen for job readiness, manual skills, and basic reading and writing ability. Regardless of whom the centers select to compete for these positions, the employers make the final decision on hiring the participants. Naturally, the employer would hire the most qualified participants with skills, a stable work history, and work experience—usually white and male. The data indicate that of all the OJT participants in these centers, 69.9% were male, 76.4% were white, and 77.5% had at least a high school education [DCCA Report No. 104, 1 July 1984 to 31 December 1984]. That's 3.6% more males and 7.1% more whites than enrolled.

Vocational training on the other hand, which requires minimal language and mathematical skills, excludes high school dropouts from participation. Unfortunately, the data from DCCA do not specify the duration or the specific training, which prevents us from ascertaining which segments receive the more lucrative long-term training. Reflecting the emphasis on a formal education, 86% of the participants enrolled in vocational training had a high school education while 31.7% had some post secondary training [DCCA Report No. 104, 1 July 1984 to 31 December 1984]; 77.2% of those enrolled in vocational training were white as compared to 69.3% of all the enrolled [Calculations from DCCA Reports Nos. 104 and 202, 1 July 1984 to 31 December 1984].

For those who scored low on the preemployment tests, remedial and GED classes are an alternative. With 67.4% having at least a high school education and 32.6% having dropped out of high school, the participants in remedial and GED classes are the least educated of the participants in the major training programs. Due to the number of whites and males in the applicant pool, a large percentage of participants in remedial and GED classes are also white and male, 68.9% and 74.8% respectively.

For many who do not qualify for the few OJT and vocational and academic training slots, employment and training services are the last alternative. Employment and training provides support and guidance for displaced workers, but it does not enhance the employability of the workers. Since participants usually participate and are listed in more than one type of employment and training service, it is difficult to ascertain the racial and sexual composition without double counting those who participate in employment and training services. But since a larger percentage of males, whites, and those with at least a high school education were enrolled in OJT and vocational training, it is safe to assume that mostly minorities and females who are less educated end up in employment and training services, which have a lower entered employment rate.

There is a great deal of variation among the community colleges in the mix of programs they are running. Most of them have large components of both vocational training and employment and training programs. The small number of OJT slots available are going to white males at a higher rate than for all programs combined. It appears that many of the minorities and women who do enter Title III find their way into the short-term employment and training programs. The larger numbers of minorities and women going into classes on resume writing in Illinois may be due to the fact that Chicago had the largest number of minority participants and most of them were placed into job search programs.

THE CHICAGO DISLOCATED WORKERS PROGRAM

The city of Chicago has the largest concentration of unemployed people in the entire state. In 1982 almost half of the city's workforce was employed in manufacturing, the sector of the economy most affected by layoffs and plant shutdowns. While 21% of the state's blue-collar workers were employed in Chicago during 1982, a disproportionate one-third of the state's unemployed blue-collar workers lived in the city. That same year Chicago reported 81,000 fewer workers in blue collar positions than in 1980 and a total of 264,00 unemployed blue-collar workers. The Department of Commerce and Community Affairs' own estimates place the number of dislocated workers in the city at between 90,000 and 120,000. Even though one-third of the state's dislocated workers are in Chicago, the Department of Commerce and Community Affairs allocated only 20.8% of the Title III funds to the city.

The city's Dislocated Workers' Program served a substantially different mix of participants than anywhere in the state. Blacks made up 57% of all participants and Hispanics another 37%; combined, minorities composed an overwhelming number of the city's participants. The 810 blacks enrolled in the Chicago program make up 31% of all the blacks enrolled in Title III in the entire state. The 531 Hispanics enrolled in the city amount to two-thirds of the total number of Hispanics enrolled in the state. The Chicago program provides a substantial proportion of the entire state's assistance to minority workers who, as was shown earlier, experience longer periods of unemployment than the general population. If one eliminates Chicago from the total state enrollment figures, blacks make up only 14% of total participants while Hispanics make up only 2%. MET also reported 34% of its participants were high school dropouts, over twice the 16% in the program statewide.

Dislocated Workers

In sharp contrast to the urgent need for training assistance to the city's unemployed workforce has been the inability of the city agency in charge of the program to provide adequate levels of service. In the 1984-85 program year the Mayor's Office of Employment and Training reported serving 1,433 participants. While it is the largest number of participants served by any DWC in the state, it is only 10.4% of the total number of state participants. MET reports that 900 of its participants completed training—the highest termination rate for any of the sample DWCs—yet of those 900, only 322 people found jobs.

This year's enrollment and placement numbers were a substantial improvement over MET's performance the previous year. During the nine-month start-up period, the city was able to spend only $235,338, which amounted to 20% of its allocated funds. At the end of the year, the city was forced to return over one million dollars in unspent funds to the state. In the same nine-month period, MET reported finding jobs for a total of 45 people. Agency officials explain the low expenditures and placements of their first year as being due to long delays in initially getting the money from the state and that each training contract above $50,000 must be approved by city council whose majority bloc is determined to discredit the city's current administration.

However, slow start-up and political opposition in city council are not the only problems experienced by the Chicago program. MET spent a higher percentage of its total funds on administration and less on training than any other Dislocated Workers' Center in the state. Its total administrative costs were $362,057, which is 5.3 times the state average. While most of the other DWCs reported having a staff of eight to ten people, MET had thirty people working for its Dislocated Workers' Program. It operated its program out of three sites in the city. One of the sites on the south side of the city had previously housed the Great Lakes Supply Corporation which went bankrupt in 1982. The building was poorly maintained with graffiti on the walls and numerous broken windows. There was little heat in the building during last winter. For months the center had no janitorial service. The second satellite location was on the far south side at Olive Harvey Community College, a site surrounded by expressways and with poor mass transit service, making it difficult for someone without a car to reach it. These two centers had such low enrollments that MET finally closed them down in the spring of 1985. However, even the central intake location in downtown Chicago had problems attracting dislocated workers. Instructors in the employment and training workshops reported having an average of nine participants per week in their classes. [Eizendrath, "Not Working," *Reader*, 12 July 1985].

The program in Chicago has served only 1,433 participants—even though there are 90,000 to 120,000 dislocated workers—partly because its administrators made a policy decision not to do any advertising of the program. Opal Easter, the former director of the program, said MET decided not to advertise because there are so many dislocated workers in the city that if MET advertises there would be "people wrapped around the building [the intake center] in line in the rain" [Easter, 12 February 1985]. So rather than attract too many dislocated workers, MET decided only to recruit at local plants that announced closings or layoffs.

The program's low job placement rate is due in part to the inadequacies of the type of training being offered by the city. As was shown earlier, the city enrolled 63% or 902 of its participants in short three-and-a-half day courses on how to write a resume and go out for a job interview. Such training is not much help for the many unskilled or semiskilled workers who face stiff competition for the ever dwindling number of manufacturing jobs left in the city.

MET placed a total of 386 people in OJT slots while only 143 people went into vocational classroom training. The city offered no remedial academic training at all, even though over one-third of its participants had not finished high school.

OJT AND CLASSROOM TRAINING

Unlike the other centers we studied, MET's Dislocated Workers' Center does not write its own OJT and classroom training contracts with employers. Instead, the center hired five community based agencies to "drum up OJT slots or to provide classroom training": the Chicago Alliance of Business, the Spanish Coalition, Operation Search, the United Auto Workers Union (UAW), and the Chicago Labor Institute [Easter, February 1985].

The agencies developing OJT slots have "one common complaint, namely that MET is not providing enough people" quickly enough for these slots. According to Dan Jameson, Operations Manager/Contract Administrator for the Chicago Alliance of Business, MET knew that he had OJT positions available but was not sending him people [Jameson, 28 February 1985]. According to Thomas Bradley, executive director of the Chicago Alliance of Business, "the problem was getting the right kind of persons and getting them fast enough" [Bradley, 28 February 1985].

As a result of the inefficiency in sending participants over to the subcontractors, the subcontractors are losing OJT slots developed for the dislocated workers. According to Carol Dougal of the Chicago Labor Institute, of the twenty-four OJT slots the institute contracted for, it was only able to place two dislocated workers in jobs because MET took too long to get the right participants [Eizendrath, "Not Working," *Reader*, 12 July 1985]. The Spanish Institute lost about twenty-five OJT slots because employers were tired of waiting for MET to send dislocated workers to fill the slots. Consequently, during 1984 the center placed only forty dislocated workers.

Initially, the center did not offer any type of classroom training. According to Easter, the center based its decision not to offer classroom training on a brief survey the center conducted of its first participants which indicated that participants prefer OJT over classroom training. However, the center has since reversed that policy. Meachem, a member of the Chicago Dislocated Worker Advisory Committee, felt that larger scale training programs, like classroom training, could upgrade and update the skills of dislocated workers more cost effectively than OJT [Meachem, 13 February 1985]. According to Lewis and Widlic, OJT by itself could not retrain and secure jobs for the entire dislocated worker population in Chicago [Lewis and Widlic, 29 January 1985]. Lewis felt that the "people [the center and the displaced workers] didn't realize how drastic things [the employment situation] were."

In July of 1985 Maria Cerda, the director of MET, fired the entire Dislocated Workers' Program staff including its top administrator. Prior to that, MET did not even have an accurate count of the total number of people who had gone through the program. Since then the city and state have conducted a careful audit of all participant files. The final participant, termination, and job placement figures were not available until 3 October 1985, three full months after the program year had ended. Earlier data from the end of July had shown almost 600 fewer terminations and 143 fewer job placements than the final figures.

Dislocated Workers

The Department of Commerce and Community Affairs moved to place the entire Chicago program on a performance-based contract which began in November of 1985. MET closed all the Title II intake centers and now intake occurs at the same sites as intake for Title IIA. In the first two months functioning under a performance-based contract MET enrolled 293 participants into a new set of training programs aimed at dislocated workers with industrial skills. This is almost one-third of the total number of participants in the entire previous year. However, job placements continue to lag, with only one person getting a job in the two-month period [Ron Burleson, 4 February 1986].

The Chicago Dislocated Workers' Center is the only center that has targeted its services to minority workers. Yet, because of serious administrative failures the program has served far fewer people than it could have and provided them with virtually no real training. Thus, while minorities are largely absent from programs elsewhere in the state, the one area to which they have had access has failed to offer them basic training services. The heavy emphasis on three-day employment and training workshops is particularly inappropriate in an area that has experienced a serious loss of manufacturing jobs as is the case in Chicago.

CONCLUSION

The Dislocated Workers' Program in Illinois is a poorly defined program operating without the basic information on the size, composition, and variety of needs of the dislocated worker population. As a result the program has primarily served those more skilled white male workers who can more easily find jobs on their own. In contrast to Title IIA, the Program has no requirements to target those people among the unemployed who are most in need of services. The special problems faced by both women and minorities who have been displaced from manufacturing jobs have been largely ignored. Because they tended to have less work experience and fewer skills, they have had a much more difficult time finding new jobs or finding jobs at equivalent wage levels. These workers can benefit most from retraining.

Much of the training taking place in Title III consists of resume writing workshops and pep talks on how to get a job. While that may be adequate for skilled workers with long histories of working for the same employer, it cannot help workers with few skills find stable jobs. Nor are short six- to eight-week vocational courses sufficient for training in any field except low-wage service employment. Only longer-term vocational and academic training will enable the formerly well-paid industrial worker to transfer into new areas of job growth, not only in high tech but in more highly skilled areas of manufacturing where some jobs continue to open up. Without more long-term training, once well-paid, stable workers will find themselves dislocated over and over again as they are forced to find employment in low-wage and unstable sectors of the economy. Minorities and women will be driven back into the service industries to which they were relegated for so long.

Chapter Sixteen

Findings and Recommendations

JTPA represents a substantial shift in federal job training policy away from providing opportunities to the urban poor. The elimination of public employment, the emphasis on placement as the basic performance standard, and the shift in funding formulas away from central cities make JTPA ineffective in addressing the large scale unemployment problems in the inner city. It basically functions to provide transitional assistance to the upper strata of the unemployed. Since almost all of the program's job placements are in the private sector, its priorities have increasingly been determined by the demands of the private sector. This furthers the tendencies in the program to avoid training those among the unemployed who would have a harder time finding employment within the private sector, namely, youths, high school dropouts, blacks, Hispanics and welfare mothers. Yet these are the very people that some earlier training programs were designed to serve.

In the spirit of "New Federalism" JTPA was designed to move program control away from the federal government and return it to those levels of government most in touch with local needs. Yet, as with all "New Federalism" policies, this shift means there are few national standards or goals for the program. The federal government has largely withdrawn from the field of job training. The Department of Labor distributes money to the state agencies, requires them to attain placement standards, keep good records on eligibility, and reach cost standards. Nothing else is seriously monitored. Turning principal program responsibility for JTPA over to state governments has allowed job training funds to become another weapon in the growing battle among the states for industrial plant location. Increasingly, companies find their personnel training costs absorbed by state governments while less money than ever is available for the high school dropouts and the long-term unemployed.

The program further reflects the policies of "New Federalism" by largely ending any focus on the special needs of central cities. Instead, money is so broadly dispersed throughout the state that wealthy suburban Service Delivery Areas have more money than they know what to do with while central city officials struggle to provide much reduced services to an enormous number of unemployed who have been largely unaffected by the economic recovery of the mid-eighties.

Two years of experience with the Job Training Partnership Act in a large and diverse state shows that the new policies established by the act have strongly influenced the amount and nature of training available to jobless workers in the United States. The machinery to help the unemployed has become far weaker, and it is directed much more toward minimizing costs than toward helping those most in need.

This chapter will summarize the major impacts of the program and make recommendations to address its weaknesses and strengthen its effectiveness and equity. Recommendations include both administrative changes at the state and federal levels within the existing structure of law and appropriations and desirable changes in the legislation and the federal budget. The recommendations cover the full spectrum from relatively simple matters of changing evaluation standards, to ending counterproductive behavior, to substantial changes in the entire structure of JTPA.

The JTPA law severely reduced training funds and imposed performance standards that led directly to the shift of much of the remaining resources from those most in need of training to those most likely to get jobs without training. Training courses became shorter. Some received only job search advice and encouragement—brief courses on how to fill out job applications and conduct job interviews followed by periodic pep talks. The placement requirements and the cost per placement standards put an emphasis on any kind of brief training and quick placement. The policies did not require that training agencies to address the severe needs of those lacking education and basic skills. The lack of any followup requirements meant that little attention was given to the quality and durability of the placements. These problems will increase under the new federal policies raising the required entered employment rates and further lowering costs per placement.

The program changes have altered who is eligible and likely to receive training. In Illinois the most serious problems of access to the entire system have been for the groups most in need of basic skills training: high school dropouts and the state's growing Hispanic communities. Black participation stands close to the lowest point reached during the CETA years. The lack of stipends, day care, and public jobs means that many who have no income cannot afford any lengthy training.

The impact of federal requirements on job training participation is discussed throughout our study. Evidence of three distinct periods of CETA as well as the changes occurring under JTPA make it apparent that the job training system is highly responsive to regulation and can change the nature of its programs rapidly as federal law and incentives change. Directly following policy changes in the last twelve years, participation of high school dropouts first fell, then rose, then fell, then fell still more. Minority participation in JTPA came out surprisingly close to the goals set by the state government in most cases. The Dislocated Workers' Program, which had no such requirements, served a population with a radically different composition in terms of race and sex. During the second part of the second year of JTPA the concern of administrators over the legal requirement that 40% or more of their funds be spent on youth training had a major positive effect in Illinois in spurring the development of more youth programs and producing some increase in the kind of long-term skills training most likely to make a real difference.

Since there have been explicit and rather successful efforts to regulate entrance into programs, differential treatment was most likely to occur at later stages of training and placement. There was clear evidence of very different treatment of women and blacks at these stages. Women were much less likely to get into on-the-job training programs, the only programs offering a wage during the "training" period, and were much more likely to enroll in vocational (usually clerical) training. Women and blacks were less likely to be hired after completing training and tended to receive substantially lower wages if they did get jobs.

One reason for the differential treatment was the lack of machinery to guarantee equal treatment. Enforcement of federal civil rights laws had such a low priority under JTPA that neither the federal nor the state government even issued regulations during the first two years of the program, and both cut their staff resources in civil rights. Like the great majority of other states, Illinois was failing to meet federal standards in late 1984 but did nothing about devising a civil rights policy until the hearings by the House

Subcommmittee on Employment Opportunities took place in September 1985, when state officials promised that Illinois would comply with the law. It finally came into formal compliance in January 1986. The federal government still does not have the fundamental structure of civil rights regulation, nor the data collection requirements, nor the staff necessary to carry out any serious civil rights enforcement.

The JTPA system is driven by its performance standards. Although the law is complex and could provide much administrative flexibility, the combination of a strong federal and state emphasis on the placement rates and the cost of training standards and the absence of any significant monitoring of other program effects has tended to subordinate all other measures of program operation and put extremely strong pressure on agencies and service providers to meet these cost and placement goals. There is overwhelming agreement among service providers throughout all levels of the training system that these requirements strongly encourage the selection of trainees with the least need and the exclusion of people who need long-term training and support services. These standards have created a strong practice of serving those most likely to succeed instead of those most likely to benefit. Organizations actually running training programs see themselves as unable to respond to very important needs among their clients for basic education. Many experts believe that the placement standards and the lack of support services have excluded many people from their programs.

This study has reported strengths as well as weaknesses within the JTPA system in Illinois. The law has forced administrators to seek more private enterprise involvement and to put a higher priority on finding jobs for those completing training. These were inadequacies under CETA, and the law has made them central concerns of state and local officials. The significant segment requirements and the youth spending requirements have been principal forces in limiting discrimination and insensitivity toward minorities, women, and youth needing help. The strong federal and state emphasis on eligibility requirements and low costs, combined with the lack of public jobs and stipends, have tended to keep the program out of financial and political controversy over misuse of resources. There has been some success in working out coordination agreements between state agencies on some issues, such as better linkages between the welfare and training systems. Even among those who were very critical of other aspects of JTPA, we found broad recognition of some valuable new emphases that it should be carried over to any new job training program.

One of the ironics of the program is that many of the special problems and weaknesses are the result pf potentially useful ideas pressed to a counterproductive and destructive extreme. By squeezing the resources and eliminating administrative positions and funds, the system has lost both its capacity to respond to many people with serious problems and also its ability to evaluate the effect of its own actions. There is no capability for measuring long-term effects, and there are strong reasons from studies of earlier programs to think that such measurements would produce a much less optimistic view of JTPA. By pushing too hard for placement, the program operators say there has been a decline in concern for good quality placement. By relying almost totally on the private sector for jobs, the system has nothing to offer where help is most desperately needed—in those cases where there actually are no jobs, even for those who become well trained.

A very few new policies, applied without sensitivity or balance, have produced serious distortions and inequities in the system. There is no national job training program now. There is a program that distributes money to state agencies and requires them to attain placement standards, keep good records on eligiblility, and reach cost standards. Virtually nothing else is seriously monitored. We recommend that Congress consider ways to bring balance and effectiveness back to the system and to refocus the attention of the training system on transforming the job prospects of people who otherwise have little hope.

Our recommendations are divided into several sections. The first part concerns issues that could be addressed under the current law and current appropriations. It will first discuss the responsible federal agencies and then the state responsibilities. The second part deals with the need for legislative and budget changes if the program is to become more effectively targeted to people and areas in need of help and if more than a tiny fraction of those in need are to be helped.

RECOMMENDATIONS FOR DEPARTMENT OF LABOR

There is a basic need for the Department of Labor and other critical federal agencies with power over the program to clearly spell out state and local responsibilities so that the administrators at those levels know what they will be held accountable for. The federal standards would not need to stop diversity and experimentation. In fact, they might increase the possibilities. The vacuum of federal policy, accompanied by the constant threat of audits, led state officials to collect vast amounts of information they otherwise would have had little or no use for. The DOL's abdication of program responsibility and unfocused threats pushed state officials toward conservatism and red tape rather than flexibility and adaptiveness. The federal officials should inform the state and local agencies what information and policies they will be held accountable for and assure them they may exercise reasonable discretion on other issues without fear of ex post facto punishment by an auditor applying a standard administrators were never told about.

The Labor Department's policies should be clearly related to job training goals and the success of the job training program. This would involve both major changes in the way that placement standards are used in the program and the development of some of broad, substantive training policy requirements.

CHANGE IN PERFORMANCE STANDARD REQUIREMENTS

The clear intent of Congress in requiring performance standards in the JTPA programs was to ensure a way of monitoring what the law calls the "return on this investment." The law calls for measures of "increased employment and earnings of participants and the reductions in welfare dependency." These are important ways of judging the program, and they are not accomplished by the current performance standards. To answer the questions Congress posed in the law, it would be necessary to know the following things:

Findings and Recommendations

1. What was the situation of various groups of trainees before entering JTPA and what typically happened to people like them who did not enroll in JTPA? Leaving this factor out tends to drive program officials toward enrolling those who need training least but who produce the highest placement statistics, which they then credit to JTPA rather than to the peoples' backgrounds. The Labor Department's plan to conduct true experiments within JTPA will be very helpful on this issue.
2. How did the employment and earnings history of trainees and nontrainees differ throughout a substantial period after initial placement? It may appear to be very efficient to spend only $1,200 to train and place a dropout in a fast food restaurant, but the return on the investment will look very different if we find that people receiving such placements are typically gone before they have earned $500. Congress established "retention in unsubsidized employment" as one of the standards of the program, and it is impossible to measure either the employment or earnings effects of JTPA without retention data.

The present standards ask very different questions and produce results which tend to substantially overestimate the impact of the program. The data has no controls for participant background, assumes that none of the trainees would have gotten jobs without JTPA, and assumes that a one-day placement with no followup demonstrates success. The best evidence from previous programs does not sustain these beliefs. Performance standards should be changed in the following way:

1. The standards should deal with the net effect of the programs by subtracting from the gains any gains that would, on average, have occurred to people with similar backgrounds.
2. Employment, earnings, and retention data should be calculated from followup statistics, with the effects determined by multiplying the wage rate by the actual period worked. Congress did not define "return on investment" as placement for a few weeks.
3. For dropouts and people who do not speak English, appropriate educational placement should always be considered a successful termination, regardless of age. There are long-term employment and earnings effects in acquiring these basic skills needed for almost all decent jobs. State placement standards should be developed on youth competencies (measurable job related skills) in all states and approved by the Department of Labor. Fulfilling these standards should become an important part of youth performance standards.

COLLECTION OF THE BASIC FOLLOWUP DATA

These recommendations clearly demonstrate the necessity of developing both ways to collect long-term followup data on program participants and a capacity to conduct serious on-going research and evaluation. Only then can things that happened because of the programs be sorted out from things that would have happened anyway. A program without followup is a program about which we have no real information about its success. We recommend that the Labor Department and the OMB promptly initiate requirements for followup dealing with these issues:

1. The wages and hours worked throughout the first six months
2. Change in employers during that time
3. Whether or not either the initial placement or the current job were related to the training under JTPA
4. The development of a followup survey in each state to follow a sample of trainees for at least a year after JTPA training. If resources are not available for state-level surveys, there should, at least, be a large sample national survey. A thirty-day followup requirement will not be adequate to determine long-term effects.

CIVIL RIGHTS POLICY

JTPA, the only federal program aimed at helping low-income, jobless people, operated for its first two years with no civil rights regulations and still has none in early 1986. The Department of Labor and the Department of Justice have been violating the clear requirements of the law and they should promptly take the following steps:

1. Issuance of a federal regulation spelling out civil rights responsibilities of state and local program administrators
2. Training state administrators on the new regulations and their responsibilities under federal civil rights laws
3. Rebuilding the central staff and regional staffs
4. Issuance of findings of noncompliance and initiation of fund termination hearings against states with no civil rights policies and procedures
5. Development of systematic monitoring of programs which very different training and placement records for minorities and/or women
6. Require that state agencies submit data showing percent of applicants admitted, type of program placement, levels of terminations, and levels and wage rates of placements by race and sex at the state and SDA levels.

STANDARDS FOR DISLOCATED WORKERS' PROGRAM

The Job Training Partnership Act makes the states extremely powerful actors in the development and operation of programs for dislocated workers, but it also requires that the Labor Department "prescribe performance standards . . . based on placement and retention in unsubsidized employment" [Sec. 106 (g)]. This study shows that the Title III programs tend to serve relatively advantaged clientele and too often provide inadequate services to those who are seriously disadvantaged. We recommend that the Secretary of Labor develop and issue regulations addressing the following issues:

1. Spelling out the meaning of the definition of dislocated workers in Section 302 (a) to assure that the category is not defined too narrowly in ways that exclude low seniority minority, female, and younger workers affected by dislocation
2. Development of placement standards making basic skills instruction, instruction in the English language, and full-time enrollment in higher education positive terminations for workers lacking those skills
3. Development of placement rate standards based on long-term placements of at least six months duration
4. Development of placement standards that reward success in placing trainees at or above their previous wage levels.
5. A requirement that states develop substantial segments enrollment goals for Title III programs for minorities and women.

CREATION OF ADMINISTRATIVE CAPABILITY TO SUPERVISE THE PROGRAM

In order to adequately carry out the minimal federal responsibilities in the job training program, it is essential to have an adequate federal staff to develop and monitor program standards, to collect sufficient data about what is going on in the program, to provide serious evaluation of long-term program effects, and to demonstrate a determination to enforce the requirements of federal law by using sanctions where necessary. None of these basic administrative requirements is now in place. According to the General Accounting Office, staff has been reduced and demoralized, and it has been denied significant program management and oversight functions by the Administration's passive attitude toward enforcing the law. The staff should be carefully rebuilt through recruitment of job training and civil rights professionals and should be given a clear mandate to take the necessary steps to find out what is being accomplished with federal dollars and to make sure that state and local programs are obeying federal laws and regulations. The hiring freeze in early 1986 threatens this goal.

A basic need for the management of the program is reliable evidence on how it is working. The Department needs both a core analytic staff to analyze and interpret the results and a number of commissioned evaluation studies systematically assessing the long-term effects of JTPA training. Because of the numerous aspects of self-selection, exclusion for lack of support services, and explicit and implicit creaming by program operators, such evaluations will have to give extremely serious attention to the question of control groups. It will be desirable to finance experiments providing JTPA-type services to a random sample of the nonparticipating population while creating a similarly random control group. Only through such procedures would it be possible to say something about the actual return on the training investment with any confidence. Such work would provide the strongest evidence of effects.

COORDINATION WITH UNEMPLOYMENT POLICY

It is impossible to consider job training fully without taking into consideration the much larger program that directly affects the unemployed, the Unemployment Insurance Program. The relationship between U.I. benefits and training has become particularly urgent since the elimination of training stipends means that, apart from AFDC recipients, most poor, unemployed people have no way to support themselves while taking training unless the training can take place during the time they receive their unemployment checks. The CBO or GAO should prepare an analysis showing how the shortening of the maximum U.I. benefit period in high unemployment states, the elimination of Trade Adjustment Assistance supplementary benefits, and the shrinking coverage of the U.I. system have affected the ability of people to afford training. The Labor Department should develop policies for immediate notification of training opportunities to unemployed people at intake into the unemployment benefit system. JTPA should have accelerated processing, particularly in single-earner families, to permit training during the full period of U.I. benefits. There should also be efforts to explore the use of U.I. and Social Security data and evaluation capabilities at the national level to facilitate the evaluation of the long-term effect of job training. Workfare programs in AFDC and job search requirements within U.I. should not be permitted to disrupt approved JTPA training programs. This should be true particularly when the enrollees need long-term classroom training.

STATE POLICY RECOMMENDATIONS

Since the states exercise extensive power under JTPA, it is very important to consider the implications of our findings for state policy. Our recommendations are directed specifically to Illinois officials. We believe, however, that many of the issues are similar in other states.

STATE PROGRAM STANDARDS

In the absence of any substantive standards at the federal level, it is critical that the state officials develop state program standards that emphasize the appropriateness of the training provided to trainees by the SDA and service providers. To the extent permitted by the law, these standards should require substantive training for people lacking basic skills or knowledge of English, except when economic necessity makes it essential for a trainee to take what is almost surely a temporary dead-end job. The standards should require all SDAs to offer a reasonable proportion of training slots addressing need for basic skills instruction. Some now offer none.

EDUCATION-TRAINING LINKAGE

In all areas where the average high school dropout rate exceeds ten percent, the state should require the SDAs to work out a cooperative program with local boards of education and business and government agencies tying together continuance in school, job training, and part-time work available only to those continuing in school. The summer job program should be included in this effort. The governor should request active cooperation from the state Board of Education, the state Chamber of Commerce, local governments, and the labor movement. The governor should implement legislation recently passed by the state legislature providing aid for dropout prevention. Retaining students in high school will be both cheaper and more effective in affecting their long-term future than short-term job training which seldom leads to a high school or GED degree. JTPA should also support effective existing adult education basic skills and GED programs.

HISPANIC PROGRAMS

Declining participation in job training by a very rapidly growing and very poorly educated group in Illinois calls for special program initiatives. The state should require SDAs in areas with Hispanic populations to examine this trend and develop outreach efforts and targeted programs. In areas where the U.S. Census or school statistics show a high number of non-English-speaking Hispanics but JTPA programs show a low enrollment of those who speak only Spanish, the state should require the development of English language instruction and/or bilingual skills training programs.

CIVIL RIGHTS

The state government should promptly issue state-level civil rights regulations, hire adequate enforcement staff, provide the capability of collecting and analyzing the needed civil rights data, and initiate staff development efforts in all SDAs by explaining civil rights responsibilities and procedures. Regularly scheduled statistical and field monitoring should begin as soon as possible both at the state and SDA levels. Where investigations by the state's civil rights staff disclose violations and local agencies will not rectify the problems, the state must be prepared to use sanctions, as it would for any other serious violation of legal requirements.

PAPERWORK

Across the state, service providers and local program administrators reported that paperwork had multiplied since the authority over JTPA was transferred from the federal to the state government. State officials said they were collecting much of the information out of fear of federal audits. Neither the state or the federal governments nor the SDAs have made any use of much of the information collected. We recommend that the state coordinating council commission a detailed management audit to find out what information is actually used in program administration or evaluation and which items are explicitly required by federal law. This audit should propose a process for eliminating the data that is not needed. After review by state administrators, the proposal should be submitted to Washington for approval. At present, the program collects vast amounts of trivial data no one uses but lacks other critical data.

IMPROVING STATE ECONOMIC DATA

Because the Census Bureau does not analyze trends in poverty and education between censuses, the most important source of data for state program goals has become very seriously out-of-date. The state has invested considerable funds in attempting to statistically project that data to make current estimates. We believe that the state should explore the cost and feasibility of a detailed survey of conditions in major portions of the state every year or two, thus permitting formulation of much more accurate program goals. Perhaps such a survey could be part of a more general periodic economic and social survey of the state's regions for state planning and economic development purposes between censuses. Given the rate of economic and demographic change in Illinois, the 1980 Census gives a seriously distorted view of local needs.

EVALUATION AND FOLLOWUP

The state administrators now have no significant capability on staff to analyze the effects of their programs and have not required the followup data they concede is crucial to a meaningful evaluation. While they are quite correct in arguing that evaluation should be primarily a federal function, neither level of government is carrying it out, and both need such data to assure effective investment of federal training funds. The state government should require a six-month followup on all programs other than Summer Youth jobs and should conduct a sample survey that would extend the data on program effects for at least a year after termination from JTPA. It should use Unemployment Insurance data both in following up clients and locating members of the sample who have not provided forwarding addresses. The state agency should hire at least one experienced full-time evaluator and should contract for additional evaluation information.

COORDINATION WITH ECONOMIC DEVELOPMENT

The highest priority of the current state administration is economic development, and some JTPA funds are being used as part of that development effort. Firms receiving subsidies and tax writeoffs from the state or local areas should be required to give the SDAs in the labor market area first notice of all job opportunities growing out of the development. The state should not subsidize firms moving from high unemployment areas of Illinois to highly prosperous areas of the state, such as moving from central city Chicago or Peoria to the Northwest Chicago suburbs or Du Page County. Such moves create additional dislocated workers and usually transfer jobs to locations inaccessible to most low-income workers. The state government should not use scarce JTPA funds to retrain workers already employed, as it proposed in the Chrysler plant in northwestern Illinois, since this would doubtless create similar demands by many other firms and further reduce the very limited resources available for training the unemployed. It would also spur a similar diversion of funds by states competing with Illinois.

ALLOCATION OF DISLOCATED WORKERS' FUNDS

The Dislocated Workers' Program is almost totally under state control and has adopted a funding formula which provides Chicago far less than its proportionate share of funds for the long-term jobless and those affected by plant shutdowns. The state should devise a distribution formula based on the number of workers who have exhausted the U.I. benefits, the number affected by plant shutdowns the previous year, and other directly relevant factors. Given the drastic reduction in Title III funding beginning in 1986, the state needs to reconsider the expensive duplication of services in maintaining separate Dislocated Workers Centers independent of the SDAs. The funding cuts make it all the more urgent to carefully target the remaining resources.

REORGANIZATION OF DISLOCATED WORKERS' PROGRAM IN METROPOLITAN CHICAGO

The Chicago labor market area is the nation's most important industrial center, and it has been devastated by the massive declines in industrial jobs in recent years. The Title III program to date has been fragmented, has underfunded Chicago, has separated jobs from the jobless, and has seen an extremely serious failure of program administration in Chicago. We recommend the creation of a metropolitan Chicago Dislocated Workers' Program under the direct supervision of the state government. The program, directed by a state appointee with professional experience in urban job training programs, advised by representatives of the existing contractors and SDAs, would directly contract for the provision of services throughout the area, giving preference, where appropriate, to existing contractors with highly positive records. All eligible residents of the SMSA would be eligible to apply for any program being offered and to receive placement assistance from any of the program offices. Chicago MET would no longer administer the program within the city.

CREATION OF COOPERATIVE LABOR MARKET AREA PROGRAMS

Much of the state is divided into Service Delivery Areas that have some reasonable correspondence with labor market areas, as the authors of the JTPA desired. The Chicago and Peoria labor markets, however, are seriously fragmented because of state decisions about recognition of SDAs under the federal law. We recommend that Governor Thompson reverse his decision on splitting the Cook County suburbs, which is extremely damaging for job training purposes, and that the state strongly encourage the development of cooperative training programs and transfer policies among all the SDAs in metropolitan Chicago and the two that divide the Peoria labor market. We recommend strong state leadership in the development of reimbursement agreements between SDAs to permit underutilized training slots to be filled by interested applicants living elsewhere and for sharing job listings. State administrators should devise appropriate methods of rewarding such cooperation and sanctioning and reducing resources of SDAs that fail to make available unused training opportunities to people who need them but who reside in other nearby SDAs.

SUPPORT SERVICES

The state should develop program standards requiring analysis of the relationship between the lack of support services and the nonenrollment of groups, including women with children not on AFDC and men not receiving U.I. benefits. It should require local development of day care opportunities where Department of Public Aid certifies critical shortage of day-care provisions for low income families and require provision of transportation and lunch subsidies for low-income clients in all long-term training programs.

CHANGES NEEDED IN FEDERAL LAW AND BUDGET

Although there are many things that could be done within the scope of current law to improve the operation of the JTPA program, we believe that a number of the problems disclosed by our study require changes in federal law and in the budget and appropriations decisions. The needed changes go beyond JTPA itself and include several other major federal programs.

YOUTH PROGRAMS

A broad consensus has been developing across the country for several years and is partially reflected in the original JTPA law: basic training and work experience, not immediate placement in a dead-end job, are crucial for disadvantaged youths. We believe that youth programs are extremely important and that the 40% spending goal has had a positive effect in spite of local resentment. It should, however, be supplemented by an explicit focus on efforts to use job training funds to keep trainees in high school or GED programs whenever possible and to strongly encourage local coordination agreements between schools, job training agencies, and employers. JTPA funds are a tiny fraction of secondary school spending, but job placement is such a crucial goal of the schools. High school retention has such an important influence on a child's future that the funds could leverage important change. We believe that it would also be appropriate to encourage use of Summer Youth Program funds in ways that enhance education, as proposed in legislation sponsored by Representatives Robert Edgar and Hamilton Fish, Jr. These proposals would combine half-time remedial educaation with half-time work experience during the summer months.

EDUCATION AS SUCCESSFUL TERMINATION

Placement in education rather than work is now considered a positive termination but only for those under 21 of age. We recommend that the law should be amended to count a return to full-time study as a positive termination for any high school dropout or person lacking critical basic skills in reading, math, and facility in the English language.

MODIFICATION OR REPEAL OF DISLOCATED WORKERS' PROGRAM

We recommend combining Title IIA and Title III programs into one general JTPA training program in which all applicants meeting the standards now existing for Title III would become eligible for Title IIA. In order to preserve the general orientation of the total JTPA program toward the disadvantaged, at least 70% of the participants in the combined program would have to come from economically disadvantaged groups, as now defined in Title IIA. Combining the programs would not preclude offering programs specially suited to dislocated workers, but it would eliminate a parallel structure of management and accounting and would subject all portions of the JTPA system to the same standards for performance and equity.

If Congress does not choose to merge the Title IIA and Title III programs, we recommend that Title III should be substantially amended. The program should be administered so that lower seniority minority and female workers facing dislocation and probable long-term displacement receive the same priority as the higher seniority male workers. Servicing those dislocated workers lacking basic skills as a high priority in the program, and Congress should provide incentives for agencies which successfully meet the challenge of getting older workers through skills training programs. There should be a full evaluation of the Title III Job Club programs to find out what real difference they make. Agencies should enroll newly laid off workers who need basic skills training as soon as they begin to receive U.I. benefits; this should be a major priority.

PUBLIC SERVICE EMPLOYMENT

Throughout the past quarter century there has been severe unemployment in parts of the Illinois economy. Even at the peak of the 1960s boom, when the national jobless rate was well below 2%, there was severe joblessness, for example, in parts of Chicago. Although job training programs are based on the assumption that adequate employment opportunities exist if people obtain the necessary training, it is clear that there are parts of the state where there are never enough jobs and other areas where work shortage becomes a very serious issue in times of recession and general industrial decay. The shortage of jobs is a fundamental fact of life in many parts of Illinois today. Our study found the JTPA programs much better adapted to those parts of the state with prosperous economies. It is, of course, far easier to operate job training in communities with jobs. Where jobs do not exist and where it is impossible to transport or relocate trainees and workers to jobs that may exist elsewhere, public service jobs should be created.

We recommend that Congress add a new title to JTPA which creates public jobs tightly targeted on genuinely needed tasks and available only to individuals and communities devastated by long-term unemployment. The jobs should be long-term jobs, but transfer to available jobs elsewhere should be encouraged by low salaries (but sufficient to support a family over the poverty level) within the public service system.

To insure that the jobs were needed and that the agencies took the workers seriously, we believe that the state, local, federal, and nonprofit agencies eligible to employ public service workers should normally pay part of their salary. We recommend that preference be given to proposals that would provide training and a plan for possible mobility into regular jobs. To avoid undue politicization of the jobs program, all hiring by local governments should be directly supervised by state governments, and all hiring by state governments should be directly supervised by Department of Labor regional offices.

Targeting policies for the program should be similar to those employed in PSE after 1978, policies which had the effect of hiring workers from genuinely disadvantaged groups. Residents of poverty areas, where the entire neighborhood experiences intense unemployment, should be targeted for special attention in public service employment and rehab activities. A basic function of the program should be to make employment possible in communities where almost no one has a job.

With the addition of the federal government as an eligible employer, including civilian jobs in the Armed Services, and with allowance for a carefully phased and controlled start-up period of a year and a half, we believe that a program of one million jobs would be a feasible intermediate goal. Three-fourths of a million were employed at the peak of PSE with fewer eligible employers, lower unemployment levels, and before the large-scale reductions in federal, state, and local employment in many agencies that followed the cutbacks of the early 1980s. Many public services are now severely understaffed.

An integral part of any public service employment program should be the American Conservation Corps, already passed by Congress and vetoed by the president. Youths and young adults would benefit from outdoor conservation work as a formative experience for many trapped in syndromes of seemingly hopeless poverty and joblessness, just as hundreds of thousands of young people, including the current mayor of Chicago, Harold Washington, did in the 1930s.

We believe that the PSE program was killed by errors caused by an excessively fast start-up, weak initial targeting, poor judgment by some local officials about types of work, and occasional corruption and patronage. In our interviews around the state, many officials said that the program was functioning well by the time it was abandoned, that most of the problems had been worked out, and that it was still needed. With the reforms suggested here, public service jobs could become one of the important continuing portions of a federal job training system.

ECONOMIC DEVELOPMENT AND JOB CREATION TAX EXPENDITURES

At the same time that the federal government is financing a small job training program that can serve only a fraction of the need and cannot provide jobs when the local economy is devastated, the federal tax system continues to pay for state and local subsidies which often aid the movement of a company from an area with high unemployment to a wealthy area. The subsidies are offered through industrial revenue development bonds and other forms of subsidized financing exempt from federal taxation, and the development packages often include public works, customized JTPA job training for new workers, OJT subsidies to lower initial wage costs, etc. There is a good deal of federal money being spent to increase the unemployment in the poorest and most vulnerable sectors of the economy while increasing the wealth and job opportunities in the more prosperous areas with the least unemployment. Such moves tend to increase jobs for whites and reduce them for blacks and Hispanics. No net additional jobs are created. All of the states and localities that compete in this "beggar-thy-neighbor" economic warfare tend to lose part of their local tax base as a result of the development deals. Corporations are not only encouraged to move when it may not be appropriate for purely economic reasons, but those that remain where they are are given the means to force concessions from relatively poor local governments by threatening to take advantages of such development deals elsewhere.

We recommend that Congress prohibit such use of tax incentives and JTPA resources, both of which drain the federal treasury, in cases where a firm is moving from an area where unemployment is at least one-fourth above the national average to an area where it is at least one-fourth below the state or metropolitan area average.

The tax credit legislation designed to encourage employers to take on new youth workers unfortunately is of no use to many of the most important potential employers—small businesses and new firms that have no profits to offset and for whom a tax credit has no value. We recommend that firms not operating at a significant profit in central city poverty areas be able to take the tax credit in the form of a refund from the Internal Revenue Service.

ENGLISH-LANGUAGE OR BILINGUAL TRAINING PROGRAMS

The JTPA legislation is not well adapted to the special needs of millions of non-English speaking dropouts and adults who are ill-prepared for available job openings. If they cannot speak English they cannot take English-language instruction, and they are ineligible for the vast majority of the jobs in all of our major labor markets. If they are to receive serious job training, they must either enroll in classes taught in their own language or first learn English. Except in areas where there are large Spanish language job markets or in a few other specialized circumstances, it is obviously important to know English. We recommend a set-aside in JTPA to encourage the development of coordinated programs with high schools, adult education programs, and community colleges to develop approaches that combine language instruction with job training. Such an approach might begin with experimentation grants and research the first year, followed by submission to Congress of a plan from the Education and Labor Departments addressing this problem.

ON-THE-JOB TRAINING

On-the-job training is highly popular and, according to official statistics, very effective in leading to permanent employment. This report shows, however, that OJT, like Title III, tends to serve white males with relatively high levels of education. We recommend both enhanced civil rights procedures to prevent discrimination in the program and serious evaluation of the degree to which the program is better conceived of as a direct subsidy to business rather than a program that significantly addresses unemployment. We recommend that state and SDA civil rights officials keep records of JTPA referrals to employers and investigate consistent patterns of denial of employment to qualified minorities and women. Job discrimination and contract cancellation procedures should be initiated when there is a finding of probable cause. We also recommend serious research into the questions of whether there is any real training of transferable skills in OJT, whether the subsidy produces the hiring of a different kind of employee or merely changes the individual selected, and whether the apparent success of OJT is much more a product of creaming and employer selectivity rather than something intrinsic to the OJT experience.

RELOCATION EXPERIMENTS

The JTPA legislation authorizes funding for relocation to a new job location. This reflects the commonsense recognition that it is better to help a person move to a real job than train him for one that is nonexistent locally. The provision, however, has rarely been used. Relocation is, of course, a difficult, costly, and potentially unsuccessful process that seems hard to justify for the kind of relatively low-wage employment received by most JTPA trainees. It is also, of course, a process that local officials are extremely reluctant to use; they do not want to admit the severe economic problems at home or send either money or people someplace else.

Relocation may have an important, if limited, role in job training programs. If it is to work, it should be administered by agencies without such obvious conflicts of interest. Relocation grants should not be charged against the account of the sending state but should be funded directly by a reserve fund provided by the Secretary of Labor, so that local officals would perceive no loss of resources. Local agencies should, however, receive credit for the eventual placement of the relocatee in his new home. Individuals entering the system should be given clear notification after they are found JTPA eligible, that they may chose a lump sum relocation grant rather than training if they can get a definite commitment of a new job before moving. For some workers this might be the quickest way to end joblessness and welfare dependency. Certainly it makes far more sense than job club pep talks in areas with large numbers of dislocated workers and no appropriate jobs. At present, JTPA is likely to train a skilled industrial worker in a lower-paying less-skilled job rather than send him where the right job exists.

Making relocation a real possibility for unemployed workers would require major efforts to make better job information available to workers in high unemployment areas. Local programs should supply newspapers and job listings and major metropolitan papers from high growth areas. Development of a national job bank within JTPA that would automatically transmit job listings that are not filled within a certain period of time at the local level to a national computerized job bank, easily accessed by local job training offices, would be important to this effort.

LABOR MARKET COOPERATION AGREEMENTS AND DIRECT FEDERAL-METROPOLITAN RELATIONSHIPS

Our study of the Chicago metropolitan region has shown that within the structure of JTPA there is a fundamental contradiction between the very important goal of organizing job training on a labor market basis and the policies which permit cities and individual sectors of suburbia to operate completely separate programs. There is also a basic inconsistency in expecting state governments to effectively administer programs in vast metropolitan areas which often dominate the politics of an entire state and which state officials have never been able to effectively control any major policy. In Illinois, for example, this means a handful of Springfield officials with little urban experience trying to manage a complex program in the nation's third largest city and the suburban ring that is the dominant part of the governor's political coalition. We recommend the establishment of a direct federal regulatory relationship with the 20 or 25 largest metropolitan areas and very strong policies to encourage cooperation among separate job training programs operating within those metropolitan labor markets.

Congress should direct the Census Bureau to define labor market areas in smaller SMSAs and should require all SDAs operating within those areas to submit plans to the state government for sharing of job training resources and job placement opportunities. Minimum requirements should include making unused training slots in economically healthy areas available to potential trainees on the waiting list in less prosperous areas. It should include sharing all job listings not promptly filled at the local level. Unique training programs offered at only one location in the region should be open to all interested trainees in the area. There should be a plan for transportation both to training and job sites for initial post-training or OJT placements. SDAs and PICs in each metropolitan region should meet regularly to discuss regionwide problems and opportunities.

UNEMPLOYMENT INSURANCE CHANGES

With the collapse of stipends in training programs, U.I. is the only remaining source of income for people to live on while in training other than AFDC for participating women or very low general assistance payments from local and state governments for those who qualify. At present, not only is there no strong positive relationship between job training and the U.I. system, but they sometimes put strong cross-pressures on people needing help finding a new job.

The unemployment insurance system should be used to counsel and provide immediate training information to workers beginning to receive benefits so that they have an opportunity to enroll in training while they still have income coming in. People in high unemployment areas enrolled and successfully pursuing basic skills, English language, and/or vacational instruction should be eligible for additional insurance payments for up to six months. These payments could be set at a lower rate, reflecting the income foregone by not taking an immediate entry-level job at the typical local JTPA rate.

As the coverage of the U.I. system has declined, the weeks of coverage in high unemployment areas have lessened, Trade Adjustment Assistance has ended, and the stipends in the JTPA system have been terminated, fewer and fewer people can afford to get the training they need for a future using their potential in the labor market. These proposed reforms in the U.I. system would be a small step toward rectifying this problem.

FUNDING AND THE DISTRIBUTION FORMULA

If the funding for JTPA was quadrupled in 1985, there would still have been fewer dollars for training each jobless worker than there were in the early Carter Administration. The sharp cut in Title III voted in 1985 and the first round of Gramm-Rudman cuts make the situation worse. We recommend that the funding for the training components of JTPA be doubled immediately, that the administrative costs ceiling be raised from 15 to 20% to permit serious counseling and evaluation, that SDAs be allowed to spend an additional 5%, at the minimum, of their funds on training stipends for long-term training. In addition to these funds, the total cost of any new public service jobs program should be added to the JTPA budget.

The funds that are provided must be distributed in ways that target them more clearly toward serious needs. The present formula directs a significant fraction of the funds to prosperous suburban areas with little need and no ability to spend them. The formula in the law was set with an unemployment threshold so low that it failed to distinguish areas with real needs from those with much less serious ones. We recommend that the formulae for both distribution of funds among the states and within the states continue to use poverty population as a one-third factor, and substitute for the other factors such measures as: number of people above the national or state unemployment average, number of high school dropouts in the population, number of AFDC recipients, number of people exhausting U.I. benefits, and number of adults in the prime working years not participating in the labor force. A reasonable combination of such standards would produce a significantly more equitable concentration of training funds in places where the need is greatest. In our field research we found no evidence that these programs were highly visible or hotly competed for by the affluent local governments. We think that Congress can afford to distribute these funds to the places that need them the most.

SUMMARY

In the first two years, the JTPA programs have kept job training alive in a difficult period and have accumulated very important information about the possibilities and limitations of a much smaller program totally dependent on the private market for jobs which relies more on exhortation and on training for those enrolled. The lessons of this program are much like the early lessons of the first phases of MDTA in the 1960s and CETA in the 1970s. You can have higher placement rates at less cost if you keep people with serious training problems out of your training programs. Each time, however, the inequity and short-sightedness led to reforms within the programs. It is time to apply these insights, the findings of the early national studies, and our detailed findings on Illinois to the task of reforming JTPA. We are convinced that there is an administrative system and a body of skilled professionals in place who could successfully run a much more ambitious and appropriate program which would produce much greater long-term gains for the nation. Congress must point the direction and provide the needed resources.

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Colleen Williams, Director, Rockford JTPA office. January 25, 1985

Gary Woodward, Central Illinois Retraining and Assistance Center. 25 January 1985

George Woulard, EEO officer, Illinois JTPA. 4 December 1984, 30 April 1985.

END

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